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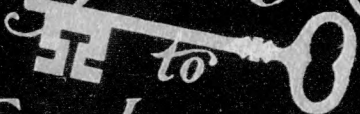

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THE AGENTS KEY

TO

FIRE INSURANCE

(IN TWO PARTS)

Information for

AGENTS, BROKERS AND FIELD MEN
REGARDING ESSENTIALS
OF THE BUSINESS
IN CONCISE AND HELPFUL FORM

By ROBERT P. BARBOUR

INCLUDES A COMPREHENSIVE
COLLECTION OF MODERN FORMS

FIFTH EDITION

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PREFACE TO FIFTH EDITION

This edition of "The Agent's Key" revises some of the chapters; adds to previous details; deals more extensively with some subjects; and endeavors to give useful information regarding principles, practices, forms and systems that will prove helpful in a practical way to agents, brokers, fieldmen and others in daily contact with the insurance business. Changes and developments since the last revision have been included where of sufficient importance.

While some things will seem to be dealt with in an elemental way, there is little that has not been the subject of correspondence or inquiry from agents and brokers, and even the simple day by day matters, when put in print, have their uses for ready reference purposes.

The subjects cover a wide range and deal with agents' and brokers' relations with the company and the insured, the scope of their authority and responsibility, soliciting, policy writing, preparation of forms and clauses, explanation of the policy contract, the principal clauses used, the various covers written by fire insurance companies, office systems, cancellations, collection of premiums, adjustment of losses and many other subjects embraced in the field of their operations. It brings together in one volume information often difficult to find and much that is not obtainable in any other publication.

Every effort has been made to represent the best judgment of those recognized as leaders in the business and grateful acknowledgment is rendered to friends who have contributed by suggestions, information or advice, in the preparation of this volume and its present revision.

Attention is called to the different laws and rules in the various states and regional jurisdictions; care should be exercised that nothing here shall lead to their contravention.

New York, N. Y.
December, 1939

R. P. B.

A TRIBUTE TO INSURANCE

Insurance may justly be deemed one of the noblest creations of human genius. From a height it surveys and protects the commerce of the world. It scans the heavens; it consults the seasons; it interrogates the ocean, and regardless of its terrors or caprice, defines its perils and circumscribes its storms. It extends its cares to every part of the habitable globe; studies the usage of every nation; explores every coast; sounds every harbor. To the science of politics it directs a ceaseless attention; it enters the counsels of monarchs; watches the deliberations of statesmen, weighs their motives and penetrates their designs. Basing upon these vast materials its skillful calculations and sure of the result, it thus addresses the hesitating subject:

"Dismiss your anxiety and fears; there *are* misfortunes that humanity may deplore but cannot prevent or alleviate; such are not the disasters *you* dread. Trust in me and they shall not reach you. Summon all your resources, put forth your skill and with unfaltering courage pursue your avocation. Succeed, your riches are enlarged; fail, they shall not be diminished, for my wealth shall supply your loss. Rely on me, and for your sake, at my bidding, the arm of your enemies shall be paralyzed and the dangers of the ocean or the land shall cease to exist." He listens, obeys and is rewarded. Thousands follow his example and the quarters of the world approach each other and are bound by the permanent ties of mutual interest and mutual benefits.

Report of the Jurists.

The Agents Key to Fire Insurance

PART ONE

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PART ONE

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PART TWO

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CHAPTER I

FIRE INSURANCE

ITS NATURE—BY WHOM FURNISHED—STOCK COMPANIES—MUTUALS—INTER-INSURANCE ASSOCIATIONS—LLOYDS—FACTORY INSURANCE ASSOCIATION—WESTERN FACTORY INSURANCE ASSOCIATION.

Fire insurance, as the term is commonly used, is an undertaking by the insurer, expressed in a contract known as the "policy," to indemnify those insured for monetary loss sustained through damage or destruction by fire of specified property or other insurable interest. The organizations selling fire insurance depend upon the money paid therefor by the whole number insured to reimburse such of their number as suffer losses. Thus, in the system of fire insurance perfected by the stock fire insurance companies, one is insured by the payment of a small and fixed premium against possible large and uncertain losses.

Its Nature. Hence, in its broader meaning, fire insurance may be defined as a system for distributing the cost of fires. Since the burden of reimbursing those who suffer losses from fire is borne by the entire body of those who insure, it follows that the money paid for fire insurance indemnity, namely the premium, is the contribution of the individual to the common fund from which losses are in turn disbursed. Each insured pays a rate that is fixed in accordance with the estimated risk of fire damaging his property, plus the necessary expenses and profit of the companies and associations that constitute the agencies through which this distribution is effected.

The fire insurance policy constitutes one of the most nearly universal contracts undertaken and it enters into practically all activities dealing with tangible property.

A Necessity. It is estimated that 60 per cent of all realty in the United States is encumbered by mortgage, and as the mortgagee commonly demands the protection of fire insurance, the statement may well be made for that reason alone, if no other, that fire insurance touches every home, every trade,

every business, every industry, and that upon it rests in large measure the vast system of credit, without which commerce would be dwarfed and the wheels of industry find difficulty in moving. The merchant, the manufacturer, or the warehouseman, seeking credit from his bank to pay for goods purchased or stored, must insure to obtain a loan. All through our commercial life the seller on credit universally relies for a part of his security on the buyer's fire insurance protection. Like the banking system, the importance and useful purpose of fire insurance is universally conceded, and, since creditors rely on its protection, the necessity for stable and reliable indemnity is quite as vital to the home and business life of our country as sound banking or undebased currency.

Economic Importance. The economic importance of fire insurance and the ability of the present system of indemnity to serve its purpose is illustrated again and again in the vast number of losses paid each year which would otherwise fall with crushing force upon the individual owners, the sums so paid in a year of normal losses are more than $400,000,000 in the United States alone. It is even more sharply illustrated in the case of conflagrations such as that of San Francisco, where the fire insurance companies paid approximately $300,000,000 for property burned or otherwise destroyed. This great fire loss also shows that no city, nor even a State, could afford to take the risk of furnishing indemnity to its citizens; the distribution of the fire cost must be over a wider field and with a greater number of contributors in order to provide the necessary resources for times of stress.

Companies Entitled to Reasonable Profit. While insurance companies serve this useful and necessary purpose they are in no sense benevolent institutions any more than banks or other business enterprises are. They are formed and operated in the hope of making money, and if the capital invested in stock fire insurance companies yielded no return it would be withdrawn. Such companies are entitled to a reasonable underwriting profit, and much discussion as to what that should be has resulted in a well defined sentiment that an average underwriting profit of 5 per cent is one with which the companies as a whole should be satisfied, and to which the public whom they serve should not object. To average 5 per cent there must be some years when the profit is greater,

for there will inevitably be some when it is less; there are lean years and fat years; the fire fiend is no respector of limits, trade profits, or surplus.

Such 5 per cent profit, however, does not take into account the conflagrations which experience shows visit our country periodically and to build up a reserve to promptly pay losses sustained in such catastrophes it is generally considered that 3 per cent additional profit is necessary. Some States have laws specifying that rates shall be reduced when stock fire insurance companies shall show, as a whole, an actual profit in excess of a reasonable amount over a period of 5 consecutive years. The justice of the normal profits outlined in the foregoing has been recognized by an agreement between representatives of the National Board of Fire Underwriters and the National Convention of Insurance Commissioners as follows:

1. The minimum "reasonable" underwriting profit is 5 per cent of premiums earned plus 3 per cent additional for conflagrations.

2. Five years is a minimum term upon which to base a calculation as to underwriting profits.

3. The difference between earned premiums and incurred losses, plus incurred expenses, represents underwriting profit or loss.

4. A conflagration is defined as property loss exceeding $1,000,000.

5. In determining the underwriting experience in any given state the first $1,000,000 of (conflagration) loss shall be charged to the particular state and the balance distributed among all the states (including the one in which it occurred), in proportion to the premium income of each.

6. That no part of the so-called "banking" profit shall be included in the underwriting profit.

Experience shows, however, that much less than 5 per cent average underwriting profit is earned by the stock fire insurance companies.

Sound Indemnity. What panics are to banks, conflagrations are to fire insurance companies, and such institutions must husband their resources and vitality to stand the strain when it comes. To the individual every fire is a conflagration,

therefore his interest in securing sound indemnity is vital, and the first duty of the agent or broker is to make certain that the insurance he places for his client shall be in companies that are financially sound and in good repute.

CLASSES OF COMPANIES

Fire insurance indemnity in the United States is furnished by three general classes of insurers, (1) Stock Companies, (2) Mutual Companies, Reciprocals and Inter-insurance Associations, (3) Lloyds Groups or Associations.

Stock Companies. These may be classed as of two kinds. While each state terms all companies "foreign" that are not domiciled in and organized under its own laws, it is the common practice to term all companies "domestic" that are organized under the laws of any one of the 48 States, and "foreign" all those organized in some other country.

There are nearly 300 domestic and about 75 foreign stock fire insurance companies (not counting those non-admitted), and some 450 Mutuals or Lloyds (not counting over 2000 small farm or neighborhood associations), transacting a fire insurance business within the United States.

The requirements of the various States relating to capital, deposits, investments, etc., differ to a considerable extent, but those of New York State will serve as illustrations.

Requirements. Domestic stock companies chartered—or admitted—to conduct the fire insurance business in the State of New York must have a capital, fully paid, of not less than $200,000 and not less than $400,000 to transact both fire and marine business. Foreign companies must maintain on deposit with the Superintendent of Insurance in approved securities an amount not less than the minimum capital required of domestic companies to transact a like business, and must also execute a trust deed and place in the hands of trustees approved by the Insurance Department the sum of $300,000 in cash or approved securities to do a fire business only or $400,000 to do both fire and marine business. Both domestic and foreign companies must set aside a certain portion of all premiums as a reserve fund, and must have at all times net assets equal to or exceeding the amount of said reserve and all other liabilities. This is called the unearned premium reserve and is estimated to be sufficient to reinsure or carry to maturity all its outstanding liability. Therefore,

the measure of a company's strength is not its capital so much as its surplus, and the proportion this bears to the amount of business it is writing. All admitted resources, other than premiums or other items in course of collection, must be in cash, or on deposit in banks, or invested in properties or securities approved by the Superintendent of Insurance, which are designated by law as follows: Bonds of the United States or any political division thereof, or collateral loans on the pledges of such securities, or bonds and mortgages on improved, unincumbered real property worth fifty per centum more than the amount loaned thereon; stocks, bonds, and other evidences of indebtedness of any solvent institution incorporated under the laws of the United States or of any State thereof. Foreign companies may invest (to the extent of the minimum deposit capital required) in securities of their own country, if American companies are reciprocally privileged in the countries of such foreign companies' origin. All of these requirements are intended to secure for the policyholder the safety of his indemnity. Policies of insurance issued by such companies are written for a stated premium, are nonassessable and do not participate in the earnings.

Classes of Insurance. Such companies may write the following classes of insurance:

"Against loss or damage, including loss of use or occupancy, by lightning, windstorm, tornado, cyclone, earthquake, volcanic eruption, hail, frost or snow, weather or climatic conditions including excess or deficiency of moisture, flood, rain or drought, rising of the waters of the ocean or its tributaries, by bombardment, invasion, insurrection, riot, civil war or commotion, military or usurped power, vandalism or malicious mischief, and by explosion (except damage to steam boilers and pipes and similar apparatus caused by inherent explosion). Against loss or damage by insects or disease to farm crops or products or other properties including loss of rental value of land used in producing such crops or products from such causes. Against loss or damage by water or other fluid to any goods or premises arising from the breaking or leakage of sprinklers, pumps or other apparatus erected for extinguishing fires, or of other conduits or containers, or by water entering through leaks or openings in buildings, and water pipes, and against accidental injury

to such sprinklers, pumps, apparatus, conduits, containers or water pipes; upon vessels, boats, cargoes, goods, merchandise, freights and other property against loss or damage by all or any of the risks of lake, river, canal and inland navigation and transportation (and all forms of marine cover); upon automobiles and aircraft, whether stationary or being operated under their own power, against loss or damage by fire, explosion, transportation, collision, the breakage of glass therein, loss by legal liability for damage to property resulting from the maintenance and use of automobiles and aircraft, loss or damage to property resulting from the maintenance and use of automobiles and aircraft, and loss or damage to automobiles and aircraft by burglary, larceny, or theft, vandalism or malicious mischief, confiscation or wrongful conversion, disposal or concealment, whether held under conditional sale contract or subject to chattel mortgages, or otherwise, or any one or more of such hazards, but shall not include insurance against loss by reason of bodily injury to the person, and to effect reinsurances of any risks taken.

Underwriters Agencies. These are organizations backed by one or more stock companies and operate the same as the parent institution. They serve the purpose of feeders, enabling the parent company to obtain agents who would otherwise not be available.

Mutual Insurance Companies. Organizations customarily so designated are of three general classes: (1) Deposit Premium Mutuals, (2) Advance Premium Mutuals, (3) Farm Mutuals.

Deposit Premium Mutuals. Policies in such organizations are usually issued for a comparatively large premium estimated to be in excess of that necessary to cover normal losses and expenses. A portion of such premium at the end of a stated period is returned to the policyholder in the shape of dividends, thus making the cost of this form of insurance the difference between the deposit premium (plus interest thereon) and the dividend. Policies of this character are assessable in case the losses and expenses exceed the receipts, although as a rule no assessments are necessary because of the large deposit premium advanced. See separate paragraph on Associated Factory Mutuals.

Advance Premium Mutuals. Policies in such organizations are usually issued for a cash premium, based either on

stock company or bureau rates, or some percentage thereof, or, in some instances, on schedules fixed by the company. Some such companies return in the form of dividends, or credits on renewal policies, the excess of income over outgo, sometimes after first adding to surplus; a few place the excess in a surplus fund. Quite frequently agency plants are maintained, commissions paid for business secured, and operations conducted in much the same manner as by the stock companies. Policyholders are assessable for losses and expenses in excess of income. The policy contract issued usually stipulates a limit of assessment. Some companies maintain the customary unearned premium and other reserves required of legal reserve companies and in addition quite substantial surpluses. Some States have requirements for such reserves and surplus.

Farm Mutuals. These are operated under various plans; some have practically no expense and issue policies for a nominal fee, levying assessments on the policyholders to pay such losses and incidental expenses as may occur. Some issue policies for a small cash premium designed to cover expenses and trifling losses, and in addition require premium notes on which payments are demanded to cover losses and expenses if in excess of those covered by the cash premiums. Others collecting a small cash premium do not require premium notes, merely levying assessments as necessary.

Mutuals, Non-Assessable. There are a very few mutual insurance companies which, without having capital stock or stockholders, issue non-assessable policies for a cash premium. In such companies the policyholders do not have the protection of assessment liability and also escape the hazard of assessment. Such a mutual is commonly required to maintain legal reserves; also a proper surplus, such as one equal to the combined capital and surplus required of a stock insurance company.

Policyholders' Liability. Mutual companies, as described under the caption Advance Premium Mutuals and Farm Mutuals, are corporations, but do not have capital stock or stockholders. Some build up a voluntary surplus and/or reserve for the purpose of avoiding or minimizing the necessity of assessing their policyholders in case of excessive losses. Others, particularly of the Advance Premium type, maintain the same reserves and surpluses as are required of

stock insurance companies. Both types issue policies that are assessable, though in the case of well-managed Advance Premium Mutuals such assessments do not often occur, yet the liability to the policyholder is always present and in case of conflagration or through mismanagement may be serious. Therefore the indemnity offered by mutual insurance companies, aside from reserves or surpluses in case these are maintained, depends necessarily on the solvency of the various policyholders and as each one is liable, within such limits as the policy may legally prescribe, for all debts of the association, policies therein not only constitute self-insurance, but also, in effect, make the holder an endorser of each other policyholder's ability to pay such assessments as may be levied. In effect, the acceptance of such a policy is like endorsing a note of unknown parties, for an unknown amount, payable on demand. In some States it has been held that trustees or agents of others may not accept fire insurance policies that are assessable, on the theory that they have no right to bind their principals to a transaction that will make them liable to unknown persons for unknown debts of unlimited amounts.

Reciprocals. These are sometimes called inter-insurance exchanges and while cooperative or mutual in their character, are unincorporated and also differ in other respects from what are usually termed "mutuals." They also differ from "Lloyds," in that the latter do business with the public; whereas these "exchanges" grant insurance only to their subscribers, each of whom is thus both insurer and insured. Usually these organizations are operated by an attorney-in-fact who, in such capacity, acts as the agent of each of the subscribers and has power to bind them as insurance carriers within the limit of his authority as fixed by the power of attorney from the subscriber to him. In these organizations each subscriber assumes a proportionate amount of the liability issued and bears his share of the losses and expenses, being liable pro rata for assessment if the funds in the hands of the attorney-in-fact are insufficient. Some American courts have held organizations of this kind for some purposes to be in the nature of co-partnerships. By statutory provision or in accordance with the power of attorney, service made upon the attorney-in-fact is in most states equivalent to service on each one of the subscribers, no matter if non-resident. Except that each subscriber is liable only for his pro rata share of losses and expenses the remarks regarding policyholders' liability in mutual companies commonly apply to reciprocals.

Lloyds Groups or Associations. These are organizations of individuals known as subscribers or underwriters, each usually assuming liability for a given proportion of each policy issued. In some cases the liability is limited and in others unlimited. The policies are issued for a cash premium and are not assessable.

Two features may be stated in connection with this form of insurance which are worthy of consideration: First, the difficulty of knowing the financial strength of each subscriber or underwriter; second, if a loss occurs and suit to recover becomes necessary, each individual subscriber or underwriter might have to be sued for his share of the loss, thus entailing much trouble and expense.

Associated Factory Mutuals. This group is composed of what were formerly known as the Senior and Junior Mutuals and is made up of a number of Mutual companies associated together for the purpose of writing insurance on high grade properties equipped with automatic sprinklers. They make their own standards of construction and protection, issue policy contracts under separate forms, and operate independently in every way, subject to such regulations as may be imposed upon them in those States which they enter.

Method of Operation. Policyholders are required to pay a deposit premium, which is usually much in excess of that produced by stock company rates, and dividends to policyholders are declared out of earnings. These dividends vary with the different companies forming the group, and as an average reduce the cost of insurance to a low figure. These companies depend on careful selection, rigid standards and excellent inspection service to produce a low fire cost, and have been very successful in operation.

Policies in these Mutuals are assessable and the cost of such insurance can never be definitely known in advance. In determining the premium cost to the policyholder, interest on the deposit premium advanced must be taken into account. The Associated Factory Mutuals deal directly with the insured and pay no commission to agents or brokers.

CHAPTER II

THE AGENT

HIS AUTHORITY—LIMITATIONS—WAIVERS—RESPONSIBILITY—HIS WORK—SOLICITATION—MIDDLEMAN—DUTY TO CLIENT—DUTY TO COMPANY—AGENT'S OWN PROPERTY—REINSURANCE BY AGENT.

Authority. The great bulk of fire insurance in the United States is written by and through local agents in the various cities and towns, of whom there are estimated to be 450,000, each agent representing one or more fire insurance companies, and this method of transacting the business has become known as the American Agency System. In many other countries the insured deals direct with the company, and while that is the practice here to some extent, the volume of business so transacted is negligible in proportion to the whole. A very considerable percentage of business is done through brokers (see Brokers).

Local Agent. A person (or partnership or corporation) authorized to represent the company in his city or town and vicinity, to negotiate for insurance within such restrictions as to amounts and classes as may be specified by the company; to countersign and issue policies of insurance and collect the premiums therefore, for remittance to the company; to make endorsements thereon and approve assignments thereof; and in general to act locally for the company in matters pertaining to the acceptance or declination of insurance and the issuance or cancellation of binders and of policy contracts covering the various classes of insurable property. Customarily, a local agent does not adjust losses, but is sometimes requested or authorized by the company to do so. Just as the local agent may represent more than one company so one company may have two or more local agents in the same city and vicinity, each acting independently of the other, but this occurs usually in the larger centers only.

There are various types of agents (person, partnership or corporation) designated in common usage among fire insurance interests as follows:

Recording or Policy-Writing Agent. One acting as agent as described under caption "Local Agent," who prepares and writes the policies which he countersigns and issues. The great majority of local agents are recording agents.

Non-recording or Non-policy Writing Agent. One acting as agent as described under caption "Local Agent," who does not prepare or write the policies which he countersigns and issues. These are usually prepared and written by the home, departmental branch, or service office of the company represented, or by its general agent, or by its recording local agent. The non-policy writing agent may or may not be authorized to commit or bind his company and in other respects is usually more limited in his authority than the recording agent, or the local agent as that term is commonly used.

Survey Agent. One acting as agent as described under caption "Local Agent," usually in a small town, who is required to send applications for insurance to one of the offices of the company where the policies are prepared and written and returned to be countersigned by such agent and delivered to the insured. Ordinarily the survey agent may not commit or bind the company except on risks that have been specifically authorized and he is required to send with the application an inspection report of the property on which insurance is desired.

Solicitor. One who solicits insurance, but usually is not authorized to commit or bind the company and does not prepare or write policies. Customarily a solicitor transacts his business through a local recording agent or with a branch or service office of the company, or is connected with an insurance broker's office. Most States require that one soliciting insurance must have a license from the State either as agent or broker. When licensed as agent he may be given authority by the company to countersign policies, but usually is not, his work being practically limited to soliciting insurance and delivery of the policy to the insured and sometimes the collection of the premium. If he transacts his business through a local agent or a broker the latter assumes responsibility to the company for payment of the premium. Hence the solicitor, though he may be licensed as agent, has very limited authority to act as such.

Sub-Agent. As generally used this has two meanings:

(A) One acting as solicitor, holding a license from the State as agent, who transacts his business with and through a local recording agent instead of direct with the company.

(B) One acting as agent, either recording or non-recording, whose business is reported to a supervising or general agent of the company. Usually such agents are termed sub-agents only where the general agency involved operates in a limited territory, such as a city and the suburban area contiguous thereto.

General Agent. In the fire insurance business a general agent is a person (partnership or corporation) exercising supervision over the local agency and field operations of a company throughout some specified territory, such as a State or several States; who receives and passes upon all daily reports and monthly accounts; is responsible for agency balances; handles the adjustment of losses; and has supervision and control over all local agencies and local agency business and special agents in the specified territory. In other words, the operation of a general agency is similar to that of a company itself in so far as the specified territory is concerned, the general agent's compensation being usually in the form of an overwriting commission of a specified percentage in excess of that paid to agents, plus a contingent commission on the profits.

State Requirements. Almost every one of the 48 States require that an agent shall be licensed as such by the State as well as authorized by the company before he can transact a fire insurance business, and many States attempt to enforce laws or rulings which require an agent to possess certain qualifications before he can be licensed. In general these are that he be trustworthy and competent, be regularly in the fire insurance business, and able to show at least elementary knowledge of the policy contract and the various clauses and riders that may be attached thereto.

Limitations. The agent's powers are broad within their field and such limitations as are placed thereon are usually conveyed in a letter of instructions sent at the time of appointment, covering the general subjects of line limits, prohibited risks, etc., and supplemented from time to time by more

specific advices from the company or its general, State or special agents. The company is bound by any act of the agent, within the scope of his general authority as its local representative, regardless of these limitations unless they are known to the policyholder, but as between the agent and the company a violation of such limitations renders the agent personally liable to the company for resulting damages. To illustrate, suppose the agent is instructed not to exceed a line of $5,000 on any one risk and he issues a policy for $7,500. If the company accepts the over-line then the agent is relieved of liability. But suppose the property to burn before there has been opportunity to accept or decline it: In that case the company must pay the $7,500 loss, but it has a legal claim on the agent for the $2,500 in excess of the limitation fixed in its instructions.

Waiver. Although the policy contains a provision that no agent shall have power to waive any provision or condition thereof, nor grant any privilege or permission affecting the insurance, unless written upon or attached to the policy, the courts have almost uniformly held that an oral agreement between insured and agent may waive any provision or condition of the policy, and, similarly, may give permission for something that would otherwise void the policy (see Waiver and Estoppel by Agent). The companies have very rarely held the agent personally liable for such oral waivers, but if the agent were to waive something which ran counter to his instructions he could undoubtedly be held personally liable for damages resulting because of his act.

Responsibility. It will be seen, therefore, that while the agent's authority is very broad, it entails a large measure of responsibility, not only for the company's welfare but also for his own pocket. The confidence reposed by the company in its agent extends far beyond the writing of policies and remitting premiums, for in addition to the foregoing the selection of business is to a large extent in his hands, and upon his knowledge of men and conditions, and his good judgment, depend in great measure the profit to the company which is the desideratum for his continuance as agent. While physical conditions are to a considerable extent cared for by rates and

by inspection at the hands of field men and inspection bureaus, the companies depend in great measure on the local agent as regards the moral hazard. He has avenues of information about men and conditions in his own town and vicinity that are not open to the company or its supervising representatives and the local agent is the only one in many cases who is in position to determine those worthy of confidence.

His Work. The first and most important work of the local agent is the solicitation and obtaining of business. Just how this is to be accomplished rests largely with the individual, but there are a few general suggestions which may prove helpful.

Solicitation. First of all, the agent should understand what he is selling and should, therefore, familiarize himself with the conditions of the policy contract and of the clauses in common use, and be able to explain them clearly and simply. Almost all insurance business is obtained by personal solicitation—very little comes in any other way. Advertising and letter writing are good merely to supplement personal work. Usually the new agent begins by soliciting the smaller business, such as dwellings, household furniture, mercantile buildings and stocks, churches, schools, public buildings and the smaller special hazards. Such risks, so far as numbers go, compose the great bulk of the insurance business and can usually be obtained more easily than the larger risks. Indeed, they constitute the backbone of most agencies and once obtained are more readily held and renewed, year after year, than the larger business for which, risk by risk, there is naturally greater competition. It is a common saying that an agency controlling a large volume of small business is more of an asset than one where a few large risks make up the bulk of the premiums.

There are no set rules for soliciting, but the following suggestions are merely setting down a portion of the work which a trained solicitor does:

Possibilities. Take advantage of any occurrence which may bring about the necessity for new or additional fire insurance, such as the erection of new structures, the remodeling of a building or the enlargement of a plant. A man about to

marry may desire household furniture insurance; merchants often require additional insurance during Christmas and Easter seasons; those using cold storage plants require additional insurance on contents almost daily during the busy season; and so the list may be continued.

Rates and Forms. Learn the rates of premium applying on any property before soliciting insurance thereon and if possible make up the form of cover that will be used. If the risk is specifically rated, get a copy of the "make-up" of the rate and see if any charges can be removed by improvements or corrections, thus bringing the rate down; if not rated under schedule, go over the property carefully with a copy of the schedule that will be used in making a rate and see if its application will produce a lower rate than the one applying on the risk. The cost of the insurance is a vital factor in obtaining business; money talks, and a reduction of the premium cost is apt to prove a better solicitor than friendship or pull. Many agents and brokers make it a practice to quote the premium instead of the rate, especially for the smaller risks; others talk adequate and proper cover in sound and reputable companies, stating the best obtainable rate will be secured for such insurance.

Examine the forms under which insurance is placed and see if they can be changed to advantage; ascertain whether the insured is properly covered and all necessary clauses and permits are on each policy and whether the insurance is all concurrent; if property is rated under coinsurance conditions and insured at flat rates, talk coinsurance rates, and if at 80 per cent coinsurance rates, see if the reduction for the use of 100 per cent clause will prove attractive. Always make a note of the expiration of existing insurance and keep it tabulated so you can solicit the lines a month or so before they expire.

There are certain covers that naturally go together and should both be sold, such as fire and windstorm; dwelling and rents or rental value; fire and use and occupancy for mercantile and manufacturing plants; and many other covers. Some agents use an analysis chart in the case of each client to show the different common forms of insurance protection that should be considered. A sample form follows:

	POSSIBILITIES OF LOSS FROM	KIND OF INSURANCE PROTECTING	EXPIRATION OF PRESENT INSURANCE DATE	EXPIRATION OF PRESENT INSURANCE AMOUNT	NAME OF INSURANCE COMPANY
BUILDINGS CONTENTS	FIRE (BUILDINGS)	FIRE			
	" (CONTENTS)	FIRE			
	WINDSTORM—TORNADO (BUILDINGS)	TORNADO			
	" " (CONTENTS)	TORNADO			
	" " (LANDSCAPING)	END. TORN.			
	FIRE (LANDSCAPING)	END. FIRE			
	WATER DAMAGE (BUILDING)	WATER DAMAGE			
	" " (CONTENTS)	WATER DAMAGE			
	BURGLARY—THEFT, LARCENY	RESIDENCE THEFT BURGLARY & ROBBERY			
	ROBBERY	" " "			
	HOLDUP (OUTSIDE)	" " "			
	BROKEN GLASS	FIXED GLASS			
	LOSS OF USE OF PREMISES FIRE TORNADO	RENT OR USE & OCCUPANCY			
FINANCIAL LOSS	FIRE—THEFT—HAZARDS OF TRAVEL	TOURISTS' BAGGAGE			
	JEWELRY—AWAY FROM HOME	ALL RISK FLOATER			
	CHECK ALTERATION	CHECK ALTERATION AND FORGERY			
	EXPENSES FROM ACCIDENTAL INJURY	PERSONAL ACCIDENT			
DIRECT	LOSS OF TIME	ACCIDENT & HEALTH			
	LOSS OF INCOME	ACCIDENT & HEALTH			
	DOCTOR—NURSE—DRUG BILLS	ACCIDENT & HEALTH			
AUTOMOBILES	COLLISION	AUTO COLLISION			
	FIRE	AUTO FIRE			
	THEFT	AUTO THEFT			
	WINDSTORM, EARTHQUAKE, EXPLOSION, WATER, HAIL	ENDORSEMENT, AUTO FIRE			
	USING CARS OF OTHERS	BORROWED CAR			
	GLASS BREAKAGE	FIXED GLASS			
LIABILITY FOR DAMAGES	INJURIES TO EMPLOYES	COMPENSATION—EMPLOYERS' LIABILITY			
	INJURIES TO THE PUBLIC IN AND ABOUT THE PREMISES	RESIDENCE GENERAL PUBLIC LIABILITY			
	INJURIES TO THE PUBLIC—BY AUTOS	AUTOS "			
	DAMAGE TO THE PROPERTY OF OTHERS } BY AUTOS	AUTO PROPERTY DAMAGE			
	INJURIES TO OTHERS AND TO THEIR PROPERTY CAUSED BY PARTICIPATION IN GOLF AND OTHER SPORTS AND PASTIMES }	SPORTS LIABILITY AND PROPERTY DAMAGE			
	MALPRACTICE SUITS	DOCTORS & DENTISTS DEFENSE			
MISCELLANEOUS					

Another sample form of the very large variety in use for aid in soliciting or for office record and various uses is as follows:

FRONT OF CARD

JOHN DOE & CO., AGENTS
INSURANCE AND BONDS
DETROIT, MICH.

CALL ON AGAIN.....19.....

PROSPECTS - - ALL LINES

.....

NAME.....ADDRESS.....
FIRM NAME.....ADDRESS.....
PHONE..... BUS. PHONE.....AGE.....BIRTH .....
NATIONALITY.....MARRIED.....WIFE'S NAME.....
CHILDREN?..... HOBBY..... FRAT. ORDER..... CLUB.....
BANKS AT..... BIRTHDAY CARD SENT .....19..... XMAS CARD.....19.....
INTRODUCED TO BY.....CALLED ON LAST VISIT.....19.....
MADE FIRST CALL.....19.....SAW MR.....
INDIVIDUAL-CO-PART. OR CORP.....PARTNERS OR OFFICERS AS FOLLOWS.....
.....
TALKED ITEMS NOS.....INTERESTED IN ITEMS NOS.....

POLICIES NOW CARRIED AND EXPIRATION

.....
.....
.....

REMARKS

.....
.....
.....
.....

(OVER)

REVERSE SIDE OF CARD

1 Accident—Health
2 Auto—Fire—Theft—Coll.
3 " " " Trucks
4 Liab. & P. D. Pleas.
5 " " Trucks
6 Bonds—Fidelity
7 " Fraud
8 " Mer. Protective
9 " Contract
10 " Completion
11 " Misc'l
12 Builders Risk Auto Cov.
13 Branch Office
14 Burglary—Hold Up—Safe
15 " Bank Paymaster
16 " Open Stock
17 " Residence
18 Conversion Insurance
19 Credit
20 Cons. Damage
21 Dentists Liab.
22 Druggists "
23 Dog Insurance
24 Elevator
25 Excess
26 Elec. Mchy. Liab.
27 Engine Break "
28 Explosion Insurance
29 Earthquake Insurance
30 Flood Insurance
31 Fly Wheel "
32 Farm—Fire—Torn.
33 " Live Stock
34 Floaters
35 Fire Ins. Merc.
36 " " Res.
37 " " Barn or Garage
38 Garage Liab. P. D. Ins.
39 Hail Insurance
40 Hospital Liab.
41 Improvem'ts & Betterm.
42 Laundries Liab.
43 Leasehold Insurance
44 Marine—Inland
45 Marine—Ocean
46 Motor Cargo
47 Motor Cycle Full Cov.
48 Mail Package
49 Owners Conting. Liab.
50 Physicians Liab.
51 Parcel Post
52 Profits and Comm.
53 Prop. Dam. Not Auto—Teams
54 Plate Glass
55 Pub. Liab. Merc.
56 " " Res.
57 Personal Effects
58 Rents & Rental Value
59 Registered Mail
60 Riot and Civil Comm.
61 Safety Deposit Box
62 Single Interests Collision
63 Steam Boiler
64 Teams Liab. & P. D.
65 Tornado Merc.
66 " Res.
67 " Use and Occ.
68 Theatre Liab.
69 Use and Occ. Fire
70 " " Contingent
71 Workmens Compensation
72 Water Damage
73 Life Individual
74 Life Corporation
75 .....
76 .....
77 .....
78 .....
79 .....
80 .....
81 .....
82 .....
83 .....
84 .....

Service. Cultivate architects and builders who may give valuable pointers; loaning institutions, lawyers and real estate men often place insurance and may be made valuable clients; there are many avenues for obtaining insurance besides the direct solicitation of the owner. There is nothing so likely to disaffect a person as to carry insurance for years without loss and then sustain one and find it is not covered by his insurance either because of property omitted, or because of perils not covered. For this reason, if no other, it is important to call attention of clients to the specific property covered and the scope of the insurance thereon and as well to other forms of insurance such as rents or rental value, leasehold interests, use and occupancy, profits or commissions; also tornado, explosion, riot and civil commotion, sprinkler leakage; also the various inland marine lines which offer broad covers including many perils. Proper agency service contemplates exploring the insurance needs of a client, his possibilities for loss and how they may be covered. Then the agent will have done his duty even though such covers are not purchased.

The agent will do well to bear this thought in mind: The premium paid must cover not only losses but also expenses. Commissions paid to agents constitute nearly one-half the total expense of stock fire insurance companies. Since these must come out of premiums it follows that the insured pays the agent's commission. To justify this the agent should be useful to those entrusting their insurance to him and be able to handle insurance matters intelligently, efficiently and dependably. One of the key notes of success in soliciting is preparedness, that is, the submission of a concrete proposition for insurance, giving the form and scope of the cover and the cost. Nothing else is so likely to give the impression to the insured that the agent knows his business and is thorough, reliable and able to give helpful service, not only in arranging for insurance under adequate forms at the lowest rates obtainable from reputable companies, but also in sound advice and assistance in case a loss occurs. A reputation for intelligent and reliable service once established is a most valuable asset.

An agent of a fire insurance company is not responsible for the financial integrity of the company for which he acts as agent and if it should become insolvent he is not under legal

obligation to pay the premium required for replacing its policies in another company, although an agent will sometimes bear such cost of replacing lest he lose the good will of his client. The agent, however, has at least a moral obligation to promptly notify clients who are policyholders of an insolvent company and suggest replacing the insurance. If a company becomes insolvent an agent, in order to immediately protect his clients, will sometimes secure from another company a binder assuming all outstanding liability of the insolvent company under policies issued by such agent who, unless otherwise arranged, then becomes responsible to pay to the binding company the pro rata proportion of the premium of each policy replaced from date of binding to expiration. Fortunately insolvency of a nationally known fire insurance company of good repute is quite rare.

Test of Company. While an agent may not have a legal obligation in case his company becomes insolvent, he naturally would not wish to act as agent for nor place insurance with a company in which he lacks confidence of its financial standing. Hence the question must at times arise whether or not a company is sound financially. The test of this is not size, nor amount of business transacted, nor age. A company may have a small capital and business, yet be as strong or even stronger than companies much larger.

Generally speaking, the strength of a company lies first of all in its management and methods of operation. It should have an unearned premium reserve in proper relation to its annual premium income; a surplus sufficient to stand a very considerable run of unusually heavy losses; a good spread of business whether large or small in amount; a well balanced investment portfolio not containing too large a percentage of any one investment, nor of non-liquid securities, nor of those subject to violent fluctuations of value; a past history of steady policy that has given it a sound reputation; and character in its management.

Middleman. The local agent acts as a middleman between the company on the one hand and the insured on the other and in turn is the representative of each. The query is often propounded: "Is the local agent's first obligation to his client or his company?" Why to one more than the other? His obligation is to his client in the things he is doing for his

client and to the company in the things he is doing for it. Thus his work and duties are naturally divided into two branches:

Duty to Client. To coordinate information of all kinds respecting the property to be covered; to draw policy forms and examine policies written, to see that they give adequate coverage and the necessary and desirable privileges and are free from nonconcurrence; to dissect insurance rates, advise regarding improvements, and secure the lowest rates obtainable from reputable companies for the kind of indemnity required; to assist the insured in case of loss and to advise with him on all insurance matters.

Duty to Company. To report promptly all business binding or written, with all necessary and material information; to learn and follow the underwriting practices of each company represented; to comply with general or specific instructions and particularly to cancel policies promptly when requested; to answer correspondence within reasonable time; to collect premiums and remit balances within the time agreed upon; to report losses as soon as possible after the fire, with information as to the property covered and the estimated amount of loss thereon, the cause of fire and all material information obtainable: In short, to act truly as the local representative of the company, responsible for the conduct of its affairs. The reputation of a company in a given locality is to a large degree that of its local agent.

Agent's Own Property. An agent cannot make a valid contract with himself, hence, if he desires to insure his own property the assent of his company should be obtained to make such transaction binding. This may be done by an exchange of letters, or by sending a policy, duly made out, for approval or countersigning by an official of the company.

Reinsurance by Agent. An agent cannot legally bind or issue the policy of one of his companies as reinsurance of another company which he also represents, for the reason that the agent cannot act in matters of discretion for the two parties in the same transaction.

The New York Court of Appeals, in Empire State Insurance Co. vs. American Central Insurance Co., states this principle of law as follows, in part: "The same person may sometimes act as agent for the two parties in the same transaction, but he can do so only in case he has no discretion to exercise for either party." Where he is vested with discretion, as an insurance agent is, and acts for both companies, he occupies "an antagonistic position, and there would be a conflict of interests. Contracts thus negotiated are void at the option of any nonassenting party thereto. It matters not that the agent has acted fairly and honestly, and that neither party to the contract has suffered injury."

The agent may have an understanding with his companies whereby each agrees in advance to ratify reinsurance of—or by—any other of his companies, but otherwise each such reinsurance must be duly ratified to make it valid.

Sometimes when an agency is terminated the certificate of authority issued to such agency by the company cannot be found. In such case it is customary to have executed a certificate of which the following is an illustration:

"Certificate of Loss of Agency Commission

"Agency at..... 19

"This is to certify that the Commission issued by .....Insurance Company to..... .....as its Agent for.....and vicinity has been lost or destroyed and cannot be produced, and that we hereby release the said Insurance Company from all liability under said Commission, which we acknowledge to be no longer of any force or effect, and we agree to return it to the Company should it be found.

.....

Agent."

CHAPTER III

THE BROKER

LOCAL—GENERAL—SOLICITORS.

The fire insurance broker as such does not represent any company and is considered to be the representative and agent of the insured, though it has been held in some courts that he is the agent of the company in so far as the collection of the premium is concerned. The broker is a freelance in soliciting and in placing business, being confined neither to any given territory in obtaining business nor to any given company in placing his business. Brokers may be divided into two classes, local and general.

Local Brokers. The local broker confines his soliciting mostly to his own town and vicinity, and many cities have brokers of this type who are much the same as solicitors, except that they do not place all their business through one agency. (See under Solicitor in chapter on The Agent.)

General Brokers. The general broker does not confine himself to any one locality but seeks business wherever he can, especially the accounts of large concerns, and is the type of broker to which the remarks that follow chiefly apply. He frequently deals direct with the company at its head or branch offices, in which case the application for the business there bound is usually sent to the local agent where the property covered is situated, for him to issue a policy in accordance with local rates and rules, the policy being returned to the company for delivery to the broker and the collection of the premium. The commission paid the broker, usually termed the brokerage, is less than the agent's commission, and the agent receives what is termed an overriding (sometimes called overwriting) commission for issuing the policy and giving the company information about the risk covered.

Service of Broker. The broker occupies a useful and necessary place, particularly in financial centers where large concerns have their headquarters. Such concerns frequently have property in many localities and States, with separate rat-

ing organizations, differing rules in regard to forms and clauses, and the privileges that may be granted, so that if such concerns were to attempt to handle their fire business through the local agents in the places where their various properties are situated, it would often be necessary to employ the services of an expert to look after that work alone. The broker's service eliminates this necessity and consequent expense, and in addition furnishes a similarity of forms and cover, and a coordination of all insurance, that would be difficult to obtain when dealing with many agents instead of one broker. Then, too, the local agent is often unknown to the headquarters officials; business would necessarily be transacted largely by correspondence; whereas, if something arises of an unusual nature or requiring the services of an expert, the broker is available on short notice for a personal interview. Another important thing is that frequently additional insurance is needed, or a privilege is necessary, or some change occurs which renders the insurance void unless endorsed. It would sometimes be impossible to have this bound at once when dealing through local agents in several distant States, but the broker can usually protect his client by securing binders within an hour or two of receiving the order.

Agent vs. Broker. On the other hand, it may be pointed out that there are certain advantages in dealing with the local agent where it is possible, for he often is influential in local matters and can aid in securing for his client from the local authorities those privileges and accommodations that are frequently needed by a large concern. The business enterprise which consistently endeavors to win local sentiment and friendliness is apt to have, thereby, greater success in handling its labor problems and its necessities for municipal service; it has a powerful advocate in the local agent, who is usually a representative man in his locality. Recognizing this fact, the insured, though he feels it necessary to have the services of a broker, frequently directs that the insurance shall be placed through certain designated local agents and the commissions divided.

For business that is controlled where it is located, the local man should be in position to give equal or better service than an outsider; but the local agent, if he is to give such service, needs to have the same familiarity as the broker with rates,

schedules, rules and forms, and maintain the same equipment for handling all questions that may arise. If he is so equipped, he has then the advantage which always lies with the man on the ground.

Solicitors. The solicitor usually is connected with an agent or broker and is compensated either by salary or commission. In either case the business he obtains is usually handled by his principal, except for the delivery of the policy and the collection of the premium. (See under Solicitor in chapter on The Agent.)

CHAPTER IV

INSURANCE ORGANIZATIONS

(AGENTS AND STOCK COMPANIES)

CO-OPERATION EFFORTS—ENGINEERING—TECHNICAL—UNDERWRITING — RATING — INSPECTING — ADJUSTING — SOCIAL — EDUCATIONAL.

In a business so extensive as fire insurance, it is natural that there should be many organizations and associations with various objects in view and these are briefly reviewed. Some are sponsored and maintained by agents; others by the companies.

National Association of Local Agents. Local agents maintain this organization and in most States a State Association with the object of exchanging information of mutual interest, keeping watch on the legislation introduced, securing uniformity of practice in those things susceptible to such treatment and for such other objects as may promote their mutual welfare. It was through the efforts of the National and State Associations that the uniform monthly account and the uniform daily report blank have been adopted; also an agreement on the part of most companies not to write "overhead"—that is not to write business in a given territory except through the local agent commissioned therefor.

State Associations of Local Agents. In most States local agents therein maintain an organization similar in purpose to the National Association, to which the State Association is usually allied by membership, in which case each member of the State Association automatically becomes a member of the National Association.

Local Boards. In many of the cities, towns and counties local agents representing stock fire insurance companies maintain local Boards, a few of which have rate making powers and are supported by assessments on premiums written. Most of such Boards are maintained by the agents themselves for the purpose of establishing local practices, such as the amount of brokerage payable and various other agreements intended for the benefit of the members.

Insurance Federations. Agents are also largely interested in the Insurance Federation of America which numbers in its ranks both fire and casualty insurance agents and many fire and casualty companies. There are also many State Federations with similar membership. The object of the Insurance Federation is to promote healthy conditions in insurance in each of the States and to oppose legislation inimical to the interests of its membership, particularly that which contemplates that the State itself sell or otherwise provide indemnity for loss.

American Association of Insurance General Agents. This is an organization of fire insurance company general agents, nation-wide in scope, which deals with those matters relating to the conduct of the insurance business that are of particular interest to general agents. (See definition—General Agent.)

STOCK INSURANCE COMPANY ORGANIZATIONS

Organizations formed and maintained by stock fire insurance companies are many in number, each fulfilling a purpose that could not readily be served except by a separate organization. The more important of these are listed with a brief explanation of their nature.

REGIONAL SUPERVISORY ORGANIZATIONS

There are six regional organizations formed for the purpose of general supervision of the business of fire insurance in the United States within their respective jurisdictions and these are open to membership by any joint stock fire insurance company subscribing to and agreeing to abide by the rules respectively established. The membership is separate in each and joining one does not obligate a company to join any of the others. A substantial majority of general writing fire insurance companies belong to these respective organizations.

Eastern Underwriters Association. This is a voluntary association of stock fire insurance companies having for its purpose, where lawfully permitted, the adoption of underwriting methods to suit the public needs; the supervision of methods of underwriting; the standardization of forms and riders to be attached to standard fire policies; the regulation

of compensation to agents and brokers; the establishment of rules governing the payment of premiums or balances and the collection of earned premiums on all policies of insurance; and the maintenance of good practices in general as respects the conduct of the fire insurance business by its members. Jurisdiction: The New England and Middle States.

South-Eastern Underwriters Association. A similar organization. Jurisdiction: The South-Eastern States.

Western Underwriters Association. A similar organization. Jurisdiction: The Central-Western States.

Western Insurance Bureau. A similar organization. Jurisdiction: The Central-Western States.

Rocky Mountain Fire Underwriters Association. A similar organization. Jurisdiction: Colorado, Wyoming and New Mexico.

Board of Fire Underwriters of the Pacific. A similar organization. Jurisdiction: The Pacific Coast States.

NATIONAL SUPERVISORY ORGANIZATIONS

These are similar in character to the regional organizations, but are national in their scope either directly or through allied or subsidiary conferences.

Explosion Conference. A voluntary organization of stock fire insurance companies with similar purposes to the regional organizations as respects rules and practices in connection with the writing of insurance against the following perils: Simple Explosion; Riot and Civil Commotion; Full War Cover; Aircraft and Motor Vehicle Property Damage; Earthquake. Allied with it are the Western Explosion Conference and the Pacific Explosion Conference.

Inland Marine Underwriters Association. A similar organization dealing similarly with the writing of all forms of inland marine insurance that are brought under its jurisdiction. This organization also numbers in its membership marine companies writing inland marine business.

National Automobile Underwriters Association. A similar organization dealing with automobile insurance written by fire and/or marine companies, namely, fire, theft, collision

and property damage. Marine companies writing this class are also members. There are advisory committees in New York, Chicago and San Francisco to facilitate the consideration of regional conditions and viewpoints.

Sprinkler Leakage Conference. A similar organization as respects of writing sprinkler leakage insurance. Allied is the Western Sprinkler Leakage Conference. Casualty companies writing this class of cover are or may be members.

ADVISORY ORGANIZATIONS

Central Traction & Lighting Bureau. This is an organization of stock companies which is not a rate making or underwriting body, but has for its functions the recommending of rating schedules and standards of construction and protection for street railway properties and electric light and power plants.

Eastern Tornado Insurance Association. Southern Tornado Insurance Association. These are voluntary organizations having for their purpose the exchange of information, the consideration of forms and policies and other subjects having to do with the writing of the class and recommending adoption of rules and practices to the regional fire organizations in the Eastern, middle and South-Eastern States, which usually assume jurisdiction over this class of insurance.

Interstate Underwriters Board. An organization to which over 200 stock fire insurance companies subscribe and report business written of the nature supervised. Its headquarters are in New York with branches in Atlanta, Chicago and San Francisco. Its territorial jurisdiction is the Continental United States and Alaska. The classes of business supervised are Reporting, Multiple Location and Floating Forms for fire insurance and allied covers on merchandise (except cotton, grain and mineral oils), and in connection therewith, on supplies, furniture and fixtures, and insureds interests in improvements and betterments to building. It has defined and maintains a definite line of demarcation between insurance to be written under Fire insurance policies and that to be written under Marine and Inland Marine insurance policies.

The I. U. B. is under the general supervision of a salaried Secretary-Manager directed by a Governing Committee of

sixteen company executives, four of whom shall be the President or Chairman of Executive Committee of the Eastern Underwriters Association, Western Underwriters Association, South-Eastern Underwriters Association and Board of Fire Underwriters of the Pacific.

Its purposes are to approve policy forms for the writing of the covers supervised; to adopt the rules and practices governing such writings; to compute advisory average rates on the basis of rates promulgated in the various States; to certify as correctly written all interstate contracts of the nature coming within its jurisdiction, member companies being required to send to it daily reports of all such business for verification; to audit from the books of the insured reports of values sent to member companies by the insured on interstate contracts and to assist local rating organizations in similar auditing of single State reporting contracts; to act upon all questions arising from the general operations of its member companies regarding the classes under its supervision; and to assist agents, brokers and companies in handling problems arising in connection with said classes.

It is not an underwriting body, nor an insurance pool; nor does it solicit business nor write policies. Further information as to forms and classes will be found in part two of this book.

UNDERWRITING ASSOCIATIONS

There are a number of associations having a stock company membership which underwrite for their members certain specified classes of business and maintain their own offices and salaried employees. The members share in the business equally up to an agreed maximum, or upon a fixed percentage of all lines written, and likewise in the expenses and losses sustained. Such associations include the following:

Factory Insurance Association. This is a group of stock fire insurance companies associated together under one management, with its office in Hartford, Conn., for the purpose of competing with the Associated Factory Mutuals on the same class of business written, namely, high grade sprinklered risks.

Method of Operation. The F. I. A. carefully selects its risks, imposes standards of construction and protection that

compare with those of the Mutuals, but as a rule are less onerous for the insured, and give an excellent inspection service that is one of the most valuable features of its work and a great advantage to the insured as an aid in preserving property from destruction by fire.

This association issues policies on the standard form prescribed by the State where the property insured is located, and adjusts its own losses. Its rates of premium are about the same as the net cost of insurance in the Mutuals. It deals with the insured through the medium of such agent or broker as the insured may designate and pays a commission on the premiums of all policies issued, either new or renewals. Protection may be obtained against loss by fire, and under well defined conditions such supplemental covers as sprinkler leakage, windstorm, tornado and hail, explosion, riot and civil commotion and damage by falling aircraft. Also use and occupancy, rents, profits, and commissions against loss from any of the perils enumerated.

The advantage of dealing through the Factory Insurance Association is that policies are in the standard form, and, therefore, non-assessable. The premium cost is known in advance and is about the same net cost as for insurance in the Mutuals, and does not depend on dividends; in other words, is not affected if the fire cost in any one year is excessive.

Western Factory Insurance Association; Western Sprinklered Risk Association; Pacific F. I. A. The first two organizations have their headquarters in Chicago and operate in the Central and Western States; the third has headquarters in San Francisco and operates in the Pacific Coast States; all three are similar in organization, purpose and method of operation to the Factory Insurance Association.

Underwriters' Service Association. This is similar to the F. I. A. organizations but more limited in membership and writing certain classes, other than those equipped with automatic sprinklers, and some such where the equipment is substandard.

Cotton Insurance Association. Cotton is the most important product in the Southern States and the class calls for such specialized underwriting that in 1905 a number of

the companies formed the Cotton Insurance Association, which writes cotton in storage, in compresses, in transit, etc., for its members. It is able to give cover and service to large cotton factors that it would not be possible for any one company to give if it handled the business independently.

Cotton Fire & Marine Association. This was organized in 1919 for a similar purpose as the C. I. A., the two being competing organizations.

Underwriters' Grain Association. This organization was formed during the war, when companies were called upon to furnish very large amounts of insurance on grain in elevators and were asked to do everything in their power to reduce fire hazards and increase the protection in terminal elevators, in order that the great quantities of very necessary foodstuffs should be preserved from destruction. Inspection and supervision of elevators by this organization and the convenience found by grain handlers in dealing with one source regarding insurance matters has had the effect of continuing the Association in existence. Agents and brokers are paid a commission on such business as they place through the U. G. A.

Oil Insurance Association. This organization was formed in 1918 for the purpose of handling certain oil business for the companies which it represents as an underwriting and reinsurance medium. Its headquarters are in Chicago in charge of a salaried manager. Its work involves the inspection, supervision and underwriting of oil refineries and tank storage of crude and refined oil and its products, especially in certain of the Southwestern States. It deals through agents and brokers with the various oil interests and arranges for the issuance of one policy covering an entire schedule in one of the companies for which it acts, placing the necessary reinsurance with the other companies represented. Any policies written are always in the standard form prescribed in the State where property insured is located and issued through the accredited local agent of the company whose policy is placed in the hands of the insured. It uses the standard forms and the rates that are made by the recognized rating bodies, paying a commission to agents on all policies issued whether new or renewals. Protection may

be obtained against loss by fire, lightning and tornado, including use and occupancy cover.

Railroad Syndicates. Steam railroad properties have been written for many years by syndicates or groups of fire insurance companies, one in the East and one in the West, being handled on much the same plan as the Oil Insurance Association.

GENERAL ORGANIZATIONS

Insurance Executives Association. This is an organization of chief executives of stock fire insurance companies; its headquarters are in New York City. Its principal objects are in every lawful way to maintain among its members a spirit of loyalty to obligations; to establish the practice of fair dealing and the observance of ethical principles in competition with one another; to support all territorial and special organizations listed by the Board of Trustees of which companies represented in the organization are or shall become members; to bring about improvements, reforms, and economies in the methods and practice of conducting the business of fire insurance and its allied lines so that the methods for making rates may be simpler and more economical, and rates may be better adapted to the needs of various localities, classes of business and individual owners; to devise forms of coverage better suited to the changing conditions of business and manufacture; and in general to make the operations of companies more efficient and better service rendered to the insuring public. From the foregoing it may be seen that a wide latitude of operations is among the purposes of the organization and that it establishes a focal point from which almost any kind of investigation in matters connected with the fire insurance business may be conducted under the supervision of chief executives of companies and that it is an attempt to provide a forum for the discussion of any practice arising in the business that might be considered detrimental to the interests of the industry.

National Board of Fire Underwriters. Of the several organizations maintained by stock fire insurance companies this is one of the most important in character of work and universality of membership, which comprises nearly all the stock fire insurance companies transacting any considerable

amount of business. It has no supervision over rates, commissions or agents, nor any direct authority over the business in general, but confines its activities in an advisory capacity to legal, technical, engineering and statistical features of the fire insurance business.

Building and Protection Standards. It promulgates standards for public and private fire department organizations, for the protection of buildings and their parts from fire and for the installation of machinery whose operation has inherent or incidental fire hazard. It also promulgates and endeavors to secure the adoption of improved building codes and of ordinances designed for the greater safety from fire hazard. Its work inures to the benefit of the public as well as to insurance companies because of its active and intelligent efforts towards fire prevention.

Engineering Reports. Its engineering department makes surveys of American cities to determine the character of the fire hazard as a whole and of the protection available, consulting with the city authorities in all matters relating thereto. Its reports go into a great deal of detail covering water supply, fire department, fire alarm, building and structural conditions and important occupancies.

Losses and Arbitration. For immediate use in case of a conflagration, it maintains an equipment consisting of a detailed working method for handling losses on a large scale and a cabinet containing all the cards, indexes, folders and other blanks necessary for the organization of a central office and a general loss committee. It also stands ready through its committee on adjustments to act as arbitrator in case of dispute among companies regarding their liability as reinsurers, or in apportionments of non-concurrent insurance.

Arson. It maintains an Arson Bureau which actively cooperates with the public authorities in the endeavor to prevent arson and to apprehend and punish incendiaries.

Laws. Through its committee on laws and general counsel it keeps in touch with the constantly changing statutes and the great amount of proposed legislation in the various States and endeavors to interpret State laws and the rulings and regulations of the various insurance departments to its membership.

Actuarial Bureau. In 1917 the National Board adopted a standard classification by occupancy and formed the Actuarial Bureau, which contains in its membership most of the stock fire insurance companies operating in the United States. Formerly some Mutual companies were members, but have since retired. The original classification consisted of 454 separate occupancy classes, which produced such an attenuated premium and loss experience as to be of little value. Later the number was condensed to 151 and found to have the same objections as the original. For use beginning with the year 1928, a standard classification of 28 classes or groups was adopted and after a trial of some years was found much more satisfactory for the purposes involved, though containing some inequalities and certain classes that were not universal in character and not considered of sufficient nation-wide importance to justify separate tabulation; whereas there were others included in general groups which should be separated.

In 1931, for use beginning with the year 1932, a reallocation was made into 26 general groups of occupancy upon a definite and logical basis which provides a standard classification national in scope and brings together into broad groupings occupancies similar in character or related in degree of hazard.

Where sufficiently large in premium volume and existing over a relatively wide area, such similar or related groupings are recognized by separate class designation and tabulation. This is believed to establish a standard classification that will endure unless or until conditions of general business change sufficiently to warrant further revision. It was presented to the Convention of Insurance Commissioners and approved for use by those States requiring that a classified experience be tabulated and filed each year. This bureau tabulates the writings, premiums and losses of its member companies, each of which furnishes it annually with the amount of liability written and the premiums received on each class embraced in its standard classification for each State of the United States.

Every loss sustained under a fire insurance policy written by any member company is reported in detail to this bureau. These loss reports are recorded and kept on file and this furnishes a valuable record of persons, partnerships and corporations that have sustained fires and especially of those reported to have made fraudulent claims, or to have been involved in fires of incendiary origin, and is of great value to its membership in the underwriting of their business in which moral hazard plays so great a part.

Underwriters Laboratories Incorporated. The work now carried on by this organization was begun informally in 1893 by a number of stock fire insurance companies and proved so valuable in course of time as to require a formal organization. The Underwriters Laboratories, Inc., was established in 1901, under the direction of the National Board of Fire Underwriters and has since been maintained under the general supervision of that organization as a part of its work. It was organized for service and not profit. The fees for its testing and label service are designed to make it self-supporting without profit and while owned by stock fire insurance companies no dividend has ever been declared and none is contemplated. Its principal office and testing station is in Chicago, with branch laboratories in New York and San Francisco and offices in many of the principal cities in the United States and Canada. Its operations are supervised by a representative group of stock fire insurance company executives who comprise the Board of Directors. The technical staff includes approximately 200 experts, who are specialists in one or more branches of fire protection engineering. Tests are made of many forms of building material and equipment to ascertain their merit in resisting fire exposure or in preventing its spread. Various kinds of machinery and materials that may be the cause of fire if improperly designed or safeguarded are studied and classified. Fire extinguishing appliances, including automatic sprinklers, hose and various forms of hand-appliances, are subject to exhaustive performance study. Acetylene, gasolene and kerosene lighting systems and most electrical equipment for light, heat or power, and fire alarm and other signaling or supervisory apparatus is counterchecked. The Laboratories also maintains departments that are active in the field of automotive equipment, accident prevention and burglary protection.

Products of manufacturers that have been tested and classified according to test results are reported in published lists of inspected appliances. Supplies of these lists (published at least annually) are obtainable at most stock fire insurance company inspection and rating bureau offices. They

are consulted freely and such listing is usually a requirement for an appliance or method to be recognized as "standard" in rating treatment or in connection with various other underwriting rules. Experience has shown that after formal test and approval some form of systematic countercheck is necessary lest changes not desirable from the fire protection viewpoint be found in products so listed. Reliance on such tests and approval on the part of builders, fire departments, insurance companies and rating authorities and the public generally, requires that the articles involved shall be maintained at the standard approved. Accordingly the Laboratories conducts reexaminations, at least once yearly, of all listed products and materials. Only changes that can be approved are authorized if the published listing is to continue. One form of this follow-up is known as the Label Service, which provides for inspection at factories at frequent intervals (sometimes daily), by inspectors in the employ of the Laboratories. Products that are found standard as the result of such inspections and tests at factories are identifiable by labels in the form of stamps, or impressions, or transfers and bear the words "Underwriters' Laboratories Inspected." Business men have found that the approval of the Laboratories is of sufficient value for selling purposes to warrant the moderate costs involved for the testing, approval and label service. Final action on the merit or demerit of a given article submitted for test by the Laboratories is taken upon the authority of an Advisory Council. Tests made are reported to the Bureau of Standards of the United States Government whose cooperation has been found of value.

Adjustment Bureaus. It became evident many years ago that the method of adjusting losses, whereby each of the several companies interested in a single loss was represented by a separate adjuster, was both cumbersome and expensive. This led to the formation of various adjustment bureaus under the supervision of stock fire insurance companies. In 1930, the National Board of Fire Underwriters began discussing the formation of an adjustment bureau to be operated in a somewhat more wide spread manner than any of those existing and upon a basis more likely to produce results equitable for both policyholders and companies. This eventually led to the formation of the Fire Companies Adjustment Bureau

which is now in operation and has succeeded all other company-operated adjustment bureaus except the Western Adjustment and Inspection Company and the Underwriters Adjusting Company, both of which are located in Chicago, with branches in various cities in the Middle Western States and serve that territory. There still are many independent adjusters who may be engaged by companies for the adjustment of specific losses. The Fire Companies Adjustment Bureau is under the supervision of the National Board of Fire Underwriters through its Loss Adjustment Committee and now maintains offices and is prepared to adjust losses everywhere in the United States except in a few of the Middle Western States which are served by the other two adjustment bureaus mentioned.

Salvage Corps. An important cooperative effort of the stock fire insurance companies is the maintenance in many of the larger cities of salvage corps, sometimes called "fire patrols" or "protective departments." These organizations have certain rights recognized by the various cities in which they operate and their duty is to protect property at the time of fire and so far as possible to reduce the damage especially from water.

Underwriters Salvage Company of New York. Underwriters Salvage Company of Chicago. These two organizations are operated under the direction of stock fire insurance companies and have for their purpose the handling of damaged goods in a manner best calculated to realize the largest sum of money from sale thereof. The goods handled are mostly those damaged by fire or water and are handled either for account of the insurance companies, or of the owners, or for joint account of all parties interested. In some cases these organizations have handled bankruptcy stocks, or other goods which for one reason or another could not be merchandised in the regular manner.

Insurance Rating Organizations. The organizations which undertake the detail work of making insurance rates throughout the United States have been brought into being as the result of the time, thought and money expended by stock fire insurance companies in the effort to stabilize rates upon a basis that shall produce a fair and equitable level of premium costs and to provide the same yardstick to measure and de-

termine rates for similar hazards and for similar classes of occupancy without unfair discrimination. These various organizations, called by various names, some embracing several States, some State wide and some dealing only with important areas within a State, perform a constant and valuable service for both insurance companies and property owners. They not only stabilize rates so that costs are known and violent fluctuations thereof avoided, but also give a fire prevention service of very great value to the public interest as well as to the individual owner. Their services are available to property owners as well as to fire insurance companies and their agents and to architects, builders and engineers. In most States these organizations work under the direction of stock fire insurance company officials; in a few States they are under the direction of some official thereof; and in practically all States they are subject to supervision and inquiry on the part of some department of the State government regarding rates and general practices.

National Fire Protection Association. This is an organization numbering in its membership both stock and mutual fire insurance companies and more than one hundred national associations and business organizations covering nearly the entire field of commercial activity. Its objects are to promote and improve fire protection and prevention methods, draft standards for construction of buildings, for the manufacture and installation of machinery and equipment and for all the various kinds of protective and fire fighting apparatus and devices. This organization initiates many of the standards later adopted by the National Board of Fire Underwriters and other organizations.

Electrical Inspections. Although many municipalities attempt to inspect and regulate electrical wiring and apparatus in use, it has been found to be an advantage in many sections of the United States for fire insurance companies to maintain special bureaus, or departments under the supervision of rating organizations, with the object of inspecting all the electrical installations. Where these are found to be in accordance with the National Electric Code a certificate is issued to the property owner on the payment of a small fee. In localities where this is done no permit to use electricity is given on insurance policies except with the provision that such a certificate has been issued. In many cases an understanding exists between the underwriters and the electric light and power companies that the current will not be turned on until the installation has been approved. The National Electrical Code has become the accepted standard and being so recognized fixtures, devices and all articles intended for electrical installations are available everywhere, so that the electrical problem has become greatly simplified.

Reinsurance. The majority of companies for many years confined their lines largely to the amounts they could retain for their own account and these varied from $1,500 to $5,000 or more according to class. With the increased efficiency of fire protection, the growth and concentration of values and the larger assets of the fire insurance companies, not only have retained lines become greater, but also the practice has developed of accepting gross lines much in excess of the amount to be retained, the surplus being reinsured.

The need of reinsurance facilities, combined with the desire not to lose the benefits of the surplus amounts given off, led to the formation of the Reinsurance Clearing House for the purpose of exchanging reinsurances. Each member company may cede thereto an amount equal to its own retention on any class of risk except where located in certain defined congested areas of cities and each member shares upon a stipulated percentage in the total premiums received and in the expenses and losses incurred.

Almost all fire insurance companies have what are known as "reinsurance treaty contracts" under which the reinsuring company is obliged to accept any risk ceded to it under the terms of the treaty. There are a few American reinsurance companies and some direct writing stock companies that make treaty reinsurance contracts, but the bulk of such business is in the hands of foreign companies.

Social and Educational Organizations. There are many societies, associations or clubs that were formed with the thought of proving a benefit to the business from an educational or social standpoint. Membership in such organizations is individual rather than a company membership. Among such may be mentioned the Insurance Library Association of Boston, which maintains the most comprehensive library on fire insurance in the United States; the Insurance Society of

New York, which was the first organization of the kind in this country, there being seventeen similar societies now in existence; and the Insurance Institute of America, which conducts classes in insurance each year in various insurance centers. There are numerous local associations of fieldmen, such as the Fire Underwriters' Association of the Northwest, the Smoke & Cinder Club of Pittsburgh and others. One of the interesting national organizations that is social in character is known as the "Ancient & Honorable Order of the Blue Goose," with local "ponds," in many of the States, membership being open to officers of the companies, general agents and fieldmen, independent fire insurance adjusters, members of the editorial staffs of insurance publications and officials of various organizations to which insurance companies are subscribers. Most of the organizations grouped under this heading do not attempt any jurisdiction over agents, rates, compensation, or any other underwriting questions, but are of value in bringing insurance men together for the exchange of information and the promotion of good fellowship.

Business Development Office. The Business Development Office, sponsored jointly by old line capital stock fire insurance companies and the National Association of Insurance Agents, was established in March, 1936. Its staff contains company trained and agency trained men. The formal opening of its office at 116 John Street, New York City, marked the culmination of a series of conferences between insurance company executives and insurance agency leaders who, as far back as 1932, recognized the desirability of intensifying the methods of merchandising capital stock fire insurance in order to render the maximum of service to the insurance buying public.

The primary purpose of the Business Development Office is to give intelligent study to ways and means of improving the sales and service efficiency of insurance agents and other representatives of old line capital stock fire insurance companies. Naturally, many problems were suggested for immediate investigation, but it was decided that the first efforts would be given to a detailed study of the problems of non-stock company competition. Factual information regarding this subject has been distributed nationwide to insurance agents and to insurance company representatives under the title of "Facts and Comments Regarding Sound Insurance."

In the majority of states Business Development Office Committees of agents and fieldmen have been appointed to hold regional meetings for the discussion of the problems of non-stock company competition and to assist generally in the dissemination, understanding and application of the information contained in "Facts and Comments Regarding Sound Insurance."

As stated, it was not the intention of the founders of the Business Development Office that this organization should deal only with competitive problems. Instead, a broad program of sales and service education is contemplated and other important phases of the business development program are being given consideration, especially the best means of giving practical aid and advice to insurance agents toward rendering the broadest feasible service to property owners who rely upon them for advice and counsel regarding complete insurance protection against financial loss. To this end every insurance agent representing an old line capital stock fire insurance company needs to be thoroughly informed regarding all the various forms and covers available and the proper methods of fitting these forms and covers to the needs of the insurance buying public.

CHAPTER V

GENERAL OFFICE WORK

SUPPLIES—LOST POLICY VOUCHERS—DAILY REPORTS—BINDERS—MONTHLY ACCOUNTS—AGENT'S COMMISSIONS—COLLECTION OF PREMIUMS AND PAYMENT OF BALANCES—OFFICE RECORDS — CORRESPONDENCE — INSTRUCTIONS — REPORTING LOSSES—KEEPING RECORDS.

Supplies. Each company supplies the agent with blank policies; daily reports and a register for his own use; blanks for reporting losses; requisition blanks for ordering supplies and forms for use in writing policies, unless these are furnished by some central body. Various other supplies are usually available and the company's requisition blank will indicate their nature. Rates and rules will be furnished the agent in accordance with practices followed in his locality, together with the necessary explanation for their use. The company will also furnish the agent with instructions regarding its underwriting practices, with restrictions, if any, as to classes he must avoid and the lines (that is, amount of policy) he may write on a single risk, or in a block, or on given classes of business.

Policies. Policies are furnished in blank by each company and are usually numbered in print consecutively and should be used in numerical order. The printed number of a policy should never be changed. Policies spoiled in writing should not be destroyed but instead should be returned to the company. The agent is charged with each blank policy furnished to him and is expected to account for each by returning it or reporting its issuance. If a blank policy is lost the fact should be reported to the company, when its own particular form of voucher executed by the agent will usually be required.

Lost Policy Voucher (Agent). Where agent has lost a blank policy the following form of voucher may be used if the company does not furnish one:

.....Agency.....19....
.....residing in.....
County of.....State of.....being first duly sworn upon oath depose... and say... that... he... (is) (are) Agent... of the.....Insurance Co., for.....and vicinity: that.... he.... received from the said Insurance Company certain blank Insurance Policies of said Company, numbered.....for use in.....Agency. That Insurance Polic.... numbered.....ha.... been mislaid or lost and cannot be found; that said Polic.... ha.... never been issued by.....or by or with.....privity, knowledge or consent, to any person, persons or corporation, and that said Polic.... (is) (are) null and void, and whenever found will be returned to said Insurance Company.
Subscribed and sworn to before me,
this.....day of.....19.... .....(L. S.)
Agent
.....Notary Public.

The voucher should be signed and sworn to by the agent personally, or if the agency is a partnership by one of the partners signing for the partnership as follows: "John R. Doe & Co., by Richard Roe, a member of the firm," Or if a corporation by one of the officers—preferably the one accustomed to signing policies.

Some companies will accept a voucher in the following form:

Agency at.....19....

I Hereby Certify that Policy No.....Renewal No.....of the.....Insurance Company, received by me as Agent of said Company, has never been issued to any person or party whatsoever, but has been lost or mislaid, and that there is no liability whatever on the part of said Company thereunder;—that I have made diligent seach therefor without success, and I agree to return same to said Company at once, if found.

.....Agent.

Lost Policy Voucher (Insured). The following form may be used as a voucher when the insured has lost or mislaid his policy. The return premium, if any, is figured pro rata if

the policy is to be rewritten or short rate if the policy is to be cancelled:

Agency at .....19....
In consideration of.....Dollars, the receipt of which is hereby acknowledged,.....hereby surrender, release and relinquish all.....right, title and interest in Policy No.....of the.....Insurance Co., issued at its.....Agency, and all advantages to be derived therefrom and the said policy having been lost or mislaid,..... agree to make no claim whatever for any loss or damage for which said Company would be liable under said policy and to return the said policy to said Company if the same should be found, forthwith and without further compensation; and hereby certify that said policy has not been assigned or transferred.

WITNESS: SIGNED

....
FOR ASSURED ASSURED UNDER THIS POLICY

....
FOR ASSURED ASSURED UNDER THIS POLICY

....
FOR MORTGAGEE MORTGAGEE UNDER THIS POLICY

Here is another form not quite so complete:

"Agency at.....19....
This is to Certify, that Policy No.....and covering $..... on.....situate .....
.....
has been lost or destroyed and cannot be produced, and in consideration of a return premium of $.....receipt of which is hereby acknowledged, the said Insurance Company is hereby released from all liability under said policy, which is declared null and void and no longer of any force or effect."

Witness to Signature

.....
..... Insured.

Occasionally an insured or mortgagee may lose or mislay a policy and wish to have some evidence of insurance thereunder. This may be accomplished in several ways.

First: To issue a Certificate of Insurance on a regular blank supplied by most companies for that purpose, or in letter form following the language of the blank.

Second: To obtain a Lost Policy Release signed by the insured and by the mortgagee, if any, with a witness for each. The Lost Policy Release should show as the consideration the pro rata unearned premium due under the lost policy at date of release. Then issue a new policy for the unexpired term, the premium on which shall be the same amount as the unearned premium under the lost policy, namely, the consideration shown in the Lost Policy Release. The daily report should show that policy is "issued in the place of Policy No. ——— which has been lost." The new policy should then be reported in the current monthly account in the regular way, showing the premium thereon in the premium column. The number of the lost policy should be reported in account current as a return premium of the same amount. Thus the transaction will balance in the account current.

Third: To obtain a Lost Policy Release signed by the insured and by the mortgagee, if any, with a witness for each. The Lost Policy Release should show as the consideration the pro rata unearned premium due under the lost policy at date of release. Then issue a new policy at regular rates and premium for the full term of one, three or five years as though it were a new order, or renewal, collecting from the insured the premium under new policy less the unearned premium on the lost policy. The premium on the new policy should then be reported in the account current in the regular way and the lost policy number reported in account current as a return premium.

Note: Some authorities recommend that in the "Second" and "Third" methods the consideration entered on the new policy shall be: "The cancellation and surrender of Policy No. ——— and of $————."

Fourth: Some companies authorize a method which is not in general use and has usually proved unsatisfactory. It accomplishes nothing that is not accomplished under the first method set forth. Such method is to issue out of the regular series of policies one exactly copying the original in amount, premium, term, expiration and form and all endorsements;

then to write, typewrite or stamp across both policy and daily report the following:

"Duplicate of policy number.....lost or mislaid. This duplicate is issued with the understanding that it is only a copy of the original policy and subject to all endorsements and assignments that are or may be made on said original and in case of cancellation thereof, or in case original policy is found, or if claim is made for loss or return premium thereunder that this duplicate will immediately become null and void."

Note: If handled in this way the duplicate policy should be reported in the current monthly account, but instead of entering a premium enter the words duplicate of policy number.....

Here is a sample of a specially prepared form of Lost Policy Certificate, together with advice slip for the company:

LOST POLICY CERTIFICATE

This is to Certify that for and in consideration of a premium of $.....policy No.....of the..... Insurance Co., was issued in the name of.....
.....
for an amount of.....dated.....said policy having been written for a term of.....years to expire.....; that said policy is in full force and effect at this date, and will be in full force and effect until date of expiration, except it be cancelled or voided under the conditions of the policy; and that said policy covers on property as per form attached hereto; as follows:

(Attach copy of form in full)

It is hereby understood and agreed that this certificate is issued to take the place of said policy, which has been destroyed, lost or mislaid, and in case of loss or damage by fire to the property described herein, this certificate is to be used in lieu of said policy, subject to all printed conditions of the policy referred to above.

.....Agents.

TO BE SENT TO COMPANY

To.....Insurance Co. Name of Agency.....
.....19...

Please be advised that Policy No.....having become lost, mislaid or destroyed, we have this day issued to assured a Lost Policy Certificate in lieu thereof.

Assured..... .....Agent.

REPORTING BUSINESS WRITTEN

Daily Report. It is necessary that a complete and accurate copy of the written portions of the policy be sent to the company on blank furnished for that purpose, called the daily report. The information furnished thereon will include the following: Name of insured as entered on policy; amount, rate, premium, commencement, term, and expiration, and a copy in full of the form. The daily report, in addition to being an accurate record of the policy, calls for certain information respecting the insured and the property covered. Sometimes it is not necessary to give the information provided for by specific questions thereon: for example, no diagram is necessary if the insurance map shows risk and exposures accurately. The company or its special agent will advise with the agent respecting this part of his work and tell him what is necessary or required. But it is important that no material information be withheld, and if there is anything unusual about the risk, known to the agent or indicated by title, rate, term, amount, form, map, or exposures, a suitable explanation should be made to the company on the daily report or in a letter. This will save both agent and company much correspondence. For illustration the upper half of a sample daily report follows:

Is risk shown on Fire Map? Yes
Vol. 2 Page 24
Block No. 612
STREET:
Name
No.
Commission %

DAILY REPORT FIRE AGENCY Rochester, N. Y. FOLIO

POLICY NUMBER 1296423
OLD POLICY No. 764692

Example Insurance Company of New York.

THIS SPACE FOR HOME OFFICE USE ONLY

Amount $ 5000. Rate .60 Premium $ 30.00

Thirty and 00/100 Dollars Premium

Assured John R. Doe

for the term of three years

from the 24th day of January 1917 at noon

to the 24th day of January 1920 at noon

AMOUNT INSURED

Five Thousand and 00/100 Dollars.

Give Full Copy of Written Portion of Policy

Binders. The agent should notify the company without delay whenever he binds insurance on a risk to take effect at once or prior to the time when the daily report would in the ordinary course of business reach the company's office. Such notice of insurance binding may be in the form of a letter or a printed slip such as the following:

.....Insurance Company.

INSURANCE IS BOUND AS FOLLOWS:

In the name of.....
Amount, $....., dating from.....19..
Covering on .....
Situate .....
.....
for.....months, at rate of.....
.....Coinsurance clause attached.
.....
Agent.

The agent may bind insurance orally, but if this is done he should confirm it in writing. Where one agent represents a number of companies, he should, as soon as he binds insurance, designate the companies by name together with the amount for which each company is bound. On one occasion an agent bound some insurance by telephone about 12:15 P.M. and then went home to luncheon without having made any notation or deciding in his own mind as to the companies in which he intended to bind the line. Before he returned fire had destroyed the risk. The agent represented twenty companies and he found himself in a very embarrassing position, as may readily be imagined.

Monthly Accounts. At the end of each month, the agent should make up and send to the company a monthly account, on blank furnished for the purpose, showing in numerical order the policies issued during the month with the premiums thereon, together with additional premiums for endorsements made during the month; also showing any policies cancelled during the month with the return premiums therefor, together

with the return premiums for endorsements made during the month; also the amount of agent's commissions on the net premiums. These items, with any charges or credits that have occurred during the month, such as a charge for map or map corrections, constitute the agent's monthly balance, which is to be paid in amount as rendered.

The making out and forwarding of the monthly account should not be delayed awaiting collections; the company needs the account promptly in order to close its books. Cancelled and spoiled policies should not be held until account is made up, but should be forwarded to the company as soon as possible.

For illustration, a copy of a monthly account properly made out is appended.

(Official Blank of National Association of Insurance Agents.)

JOHN R. HORNER, AGENT AT PLEASANT VALLEY, PA.

IN ACCOUNT WITH

EXAMPLE INSURANCE COMPANY

MONTH OF JANUARY, 1920

Number	Amount Insured	Gross Premiums 15%		20%		25%		Term (in years)	Expiration Mo.	Yr.	For Home Office Use Class
124967	4000					20	00	3	1	23	
968	2000					8	00	3	1	23	
969	3000			18	00			1	1	21	
970	1000	15	00					1	1	21	
971	Spoiled										
972	20000	180	00					1	1	21	
973	5000			40	00			5	1	25	
974	9000	63	90					x	6	20	
975	500					2	50	1	1	21	
Total Premiums..	.....	258	90	58	00	30	50		347	40	Total Gross Premiums carr. for. (1)
Total Commissions	.....	38	84	11	60	7	62		58	06	Total Gross Commissions carr. for. (3)

OFFICIAL BLANK, (Continued)

Number	Amount Cancelled	Return Premiums 15%		20%		25%		For Home Office Use: Term (in years)	Com. Mo.	Com. Yr.	Exp. Mo.	Exp. Yr	Original Premium		Class
124942			62												
948	4000	35	00			4	20								
953	1500														
Return Premiums	.....	35	62			4	20		39	82	Total Return Premiums entered below (2)				
Return Commissions	.....	5	34			1	05		6	39	Total Return Commissions entered below (4)				

SUMMARY FOR THE MONTH OF JANUARY, 1920

(To be filled out by Company)		(To be filled out by Agent)		(To be filled out by Agent)	
Total Gross Writings brought forward	$.....	(1) Total Gross Premiums brought forward from other side	$347 40	(3) Total Gross Commissions	$58 06
Total Gross Writings cancelled	$..... $.....	(2) Less Return Premiums as above	$..... $.....	(4) Total Return Commissions	$ 6 39
Re-insured	$..... $.....	Re-insurance	$..... $ 39 82	Net Commission due Agent	$51 67
Net Writings	$.....	Net Premiums	$307 58	(If return commission in excess extend in red ink)	
		(If return premiums in excess extend in red ink)			

(1) Total Gross Premiums brought forward from other side	$347	40	(2) Total Return Premiums as above	$39	82
(4) Total Return Commissions as above	6	39	(3) Total Commission on Gross Premiums from other side	58	06
			Taxes (vouchers herewith)	20	00
			Local Board Expenses when authorized by Company (vouchers herewith)		
			Postage when authorized by Company		
			Re-insurance effected by agents (per statement attached) net		
			Loss 124269	32	49
			Remittance herewith		
Balance (if any) due Agent			Balance due Company	203	42
Total	$353	79	Total	$353	79

Agency at.....19.....Agent.

Agents' Commissions. The agent receives his compensation in the form of a commission which is calculated on net premiums written, i.e., premiums and additional premiums, less return premiums for cancellations or reductions in rate. Return commission is credited to the company in the same percentage as was charged on the original premium. The insured pays the original premium in full and in case of cancellation or reduction in rate is entitled to the full amount of the unearned premium without deduction for agent's commission or for brokerage. Some of the larger agencies run what they call a return commission sinking fund; that is, they credit said fund with a given percentage of all commissions, say 10 per cent, and then charge the fund with all return commissions in full. The object of this is to provide a steady commission income, for with some agencies there are seasons of the year when large amounts of insurance are written under annual policies which are cancelled after running a few months, and without the plan outlined there would be some months when the return commissions on business cancelled would amount to nearly as much as the commissions on business written during such time.

Collection and Payment. It is important to remember that a commission is not earned until the premium on the policy is collected, nor is the transaction complete until the company is paid its premium. There is unfortunately no time within which it is the universal custom to require payment of premiums on the part of the insured, though there are a number of localities where it is the rule to cancel policies if they are not paid for within forty-five days. There is no good reason for extending undue credit and it is often remarked that since the insured is always anxious to have any loss that occurs paid promptly, he ought to be willing to pay the premium promptly. The companies as a rule require balances to be paid within a stipulated time whether the agent has made collection or not, and this is necessary for the safe conduct of the business and on the whole results beneficially to the agent. It necessitates his putting some capital into his business but on the other hand is a check against undue credit. Many agents will not deliver small premium policies until they are paid for, since the cost of running after little premiums often amounts to more than the commission involved.

Trade Acceptance. A very interesting method of collecting insurance premiums has been adopted with success by agents in certain localities, being an adaptation to the fire insurance business of the Trade Acceptance, so familiar in commercial lines. The way in which the plan is carried out is as follows:

When policies are forwarded to the insured they are ac-

companied by a statement of the premiums involved. If these remain unpaid at the end of thirty days, or thereabouts, the insured is asked for a check and if further time is desired he is requested to discharge the account by payment of a portion thereof in cash and the giving of a Trade Acceptance for the balance. The cash payment is to cover earned premiums up to the maturity of the acceptance, which is made for thirty, sixty, or ninety days, or such other period of time as may be agreed upon.

The Trade Acceptance has attached to it a statement of the premiums covered thereby, this statement giving each policy number, amount and premium for the purpose of identification in case of cancellation, return premium, or other subsequent transaction.

When the cash payment and Trade Acceptance is in hand the insured is given a receipted bill for the premiums involved, which closes the agent's ledger account, the acceptance being deposited in bank which makes collection in the ordinary course of business.

If the Acceptance bears a longer maturity than sixty days from the inception of the insurance it usually bears interest at the legal rate.

One form of Trade Acceptance used by a prominent Baltimore agency is as follows:

No. .....19.... $.....

.....after date pay to the order of Ourselves.....

Dollars with interest.....

The obligation of the acceptor hereof is for premiums on insurance policies, per invoice dated.....19....

Value received and charge the same to account of Acceptor.

In consideration of the payment or assumption of payment by the payee hereof, to the respective insurance companies of the premiums for which this trade acceptance is given, the acceptor hereby assigns to the payee any unearned premium to which he may become entitled under said policy or policies as hereinafter provided. In the event of the insolvency or bankruptcy of the acceptor or the appointment of receivers for his, their or its property, prior to the due date hereof, the amount hereof shall at once become due and payable to the payee, and if not immediately paid upon demand, or if not paid on its due date, the acceptor agrees for himself, themselves, or itself, his personal representatives, successors or assigns, to immediately surrender all said policies to the payee to the end that the payee may, for the account of the acceptor, surrender all said policies to the Companies and receive the return premium thereon and credit the same against the amount of this acceptance. And said acceptor agrees that pending the payment of this acceptance or the surrender of said policies he, they or it, will not do or permit anything to be done to said insurance policies contrary to this agreement.

Across the face of above form the following inscription is printed in red ink:

"ACCEPTED

Date .....

Payable at.....

Location of bank.....

Signature ....."

Separate Bank Account. It is an excellent plan to keep a separate bank account in which to deposit all premiums collected, and from which to pay all company balances. This results in a separation of what are really trust funds, and serves as a good check on collections. It goes without saying that balances should be paid to the company within the time agreed upon. Indeed, some companies will not retain an agent who is continually delinquent in this regard, for they argue that a man who is careless about money matters is not usually the type to make a reliable agent.

Collection of Premiums. There is probably no part of an agent's work that causes him more annoyance, if not worry, than that of making collections, and often it is the least systemized. Local customs, the character of his clientele and other considerations affect the methods which may be successfully employed, and no one method will prove suitable in all cases.

By far the great majority of business houses make their collections by mail, which may be taken as good evidence that this method has been found more satisfactory on the average than by personal calls, and there seems to be no good reason for believing that this system cannot be made successful when applied to insurance agency collections.

If mail collections are to be attempted, a system for keeping track of unpaid accounts, and following them up, will

prove helpful if not, indeed, necessary, and the suggestions offered here may serve as a basis for building one adapted to the particular needs of a given agency.

Systems. It may be taken for granted that a bill for the premium is sent at the same time that a policy is delivered. This bill may be made in duplicate, and the copy filed in a loose leaf collection book, to be followed up in any manner decided upon.

Another and more comprehensive system requires a file having 31 compartments, one for each day of the month. Each bill is made out in triplicate, each copy of a different color. For instance, the original may be white, the duplicate blue and the triplicate red.

The duplicate and triplicate are placed in the compartment of the collection file corresponding to the date on which the policy takes effect. When bills are paid, the duplicates and/or triplicates are removed and destroyed, having served their purpose.

Assume that this system has been in operation for one month, and that it has been decided to follow up collections on the basis of monthly periods from the date of policy; then, on each working day of the month the duplicate bills (blue) are taken out of the compartment of the collection file for the corresponding day of the previous month, and mailed to the customer, leaving the triplicate (red) in the file. A form letter may be sent with the duplicate bill, and may read somewhat as follows:

> "Following our usual custom we are mailing you the enclosed statement for $....., having found that a majority of our customers prefer to receive and pay their bills by mail rather than through a personal visit. If, however, we can be of any service to you by calling, or any explanation of the statement is desired, please advise us and we will be very glad to see you promptly on the matter."

Past Due File. On the corresponding day of the following month, or such other period of time as may be deemed desirable, the triplicates (red) are removed from the collection file, and given such treatment as may seem best, and may be then placed in another file, called the Past Due File, to be

followed up as each separate case demands. Sometimes at the end of sixty days a letter reading somewhat as follows will prove effective:

> "In calling your attention again to the statement of premiums due our office, amounting to $....., we are led to explain that our Companies give us only a limited time in which to remit for insurance written.
>
> We are obliged to account within a few days for the premiums shown on said statement, and therefore ask you to let us have check in order that we may make proper remittance to the Companies.
>
> We feel sure you will agree with us that since the Companies are expected to—and do—pay their losses promptly, it is only fair that they should receive the premiums promptly from their agents, and that you will cooperate with us to that end.
>
> Thanking you in advance, we remain."

Payment or Cancellation. If this letter does not bring the money, it is sometimes felt desirable to send a notice that the company requires the premium or the cancellation of the policy. In sending such a letter, if it is desired to be a cancellation in case the premium is not paid within the time stated, care must be exercised to make the notice unequivocal in its terms, and it is believed that the following phraseology will serve that purpose:

> "In accordance with customary rules, the Example Insurance Company requires me to remit the premium of $.....on policy No.....issued to you and covering on..... situate....., or to cancel said policy in accordance with its conditions. (See lines.....to..... inclusive.)
>
> The PREMIUM REMAINING UNPAID, I am reluctantly compelled as agent of said Company to notify you of its election to cancel the policy at the expiration of five days from receipt by you hereof. All liability thereunder on the part of the Company will cease and determine at the expiration of the said five days, unless during such period the premium of $..... is paid at my office (give address).
>
> Regretting the necessity of this action and hoping to hear from you, I remain,
>
> Yours very truly,
>
> .....
>
> Agent."

In order to have proof of cancellation in case the premium is not paid, it will be necessary to send the foregoing notice by registered mail and obtain the registry return receipt, or to give the notice in some other legal manner. (See Cancellations.)

It seems desirable to send a second letter after a period of from seven to ten days, and if by any chance the first letter is not registered this second one should be. This second letter may read as follows:

"This is to notify you that policy No.....of the .....Company, issued to you and covering on .....at....., has been cancelled for non-payment of premium by the notice sent you under date of (date), in accordance with the policy conditions contained in lines.....to.....inclusive.

Please note that you are therefore without the protection of such policy, and return it to us for our files.

We also request that you pay us the sum of $....., being the amount of the pro rata earned premium from the beginning of the policy to its cancellation."

If the policy was made payable to a mortgagee, ten days' notice should be sent by registered mail cancelling the mortgagee clause. (See Cancellations.)

If loss was made payable to a payee who was not a mortgagee, a five days' notice should be sent by registered mail. (See Cancellations, Form Two.)

It may be of interest to know that agencies do not lose on the average more than ½ of 1 per cent per annum on uncollectible accounts in normal times.

PREMIUM FINANCING

The desire of some purchasers of insurance to pay the premiums therefor on the instalment plan, as may be done in buying radios, automobiles, and many other things, has led to the formation of premium finance companies, or the application to insurance of such a plan on the part of companies engaged in the instalment finance business.

Insurance premiums have been financed for the policyholder by various methods for some years and particularly in the last three years this has been done extensively by companies organized for that purpose. Such finance companies employ a diversity of forms and procedure and it is necessary and desirable that insurance companies and their agents shall clearly understand the rights as well as obligations of all parties concerned, namely, the companies, their agents, the insured and the finance company.

Some of the premium finance companies have endeavored to bind the insurance companies and/or their agents to various conditions in connection with the contract between the finance companies and the insured for the financing of insurance premiums, but insurance companies are in most cases unwilling to become a party to such agreements in any way. Finance agreements are generally considered as existing solely between the insured and the finance company; and an insurance company, by becoming a party thereto or agreeing to special conditions in connection therewith, might waive or modify provisions of the policy contract, most of which have been interpreted by the courts, and might introduce unexpected or uncontemplated conditions of liability. The primary concern of insurance companies is to have a clear, definite policy contract protecting alike the interests of the insured and the insurance company, also the mortgagee or payee, if any, without complications which might arise through side agreements. On the other hand insurance companies do not consider they have any right to object to their policyholders entering into an agreement for the financing of premiums, nor do they object to recognizing any rights granted to the premium finance company by the insured if not inconsistent with the policy contract.

In most instances of premium financing the insurance agent introduces the insured to the finance company and procures from the insured a note and an assignment to the finance company of the insured's interest in the unearned premium under the policy. With such assignment the insured grants the finance company a power of attorney to cancel the policy and to receive the unearned premium thereunder in event the insured defaults in the payment of any instalment due

under the note. Sometimes these assignments attempt to assign the insured's interest in any loss payment to the extent of the balance owing by the insured to the finance company. The finance company holds the note for the collection of the moneys loaned and the assignment, and usually, the policy as well, as collateral to the loan. Usually the insured is required to pay from 10 per cent to 20 per cent of the policy premium as a down-payment. The remainder, with interest and finance charges added, is divided into equal installments due every thirty days for eight or ten or more months. The finance company advances to the insurance company or to its agent the amount borrowed by the insured.

The right of an insured to assign his interest in the unearned premium is unquestioned. The assignment of a portion of any loss collectible under the policy *may be* a breach of the policy condition which prohibits the assignment of a policy before a loss. The commission of authority as agent held by most agents authorizes them, in behalf of their principals, to perform certain acts. The agent, in his individual capacity, may become the agent of a premium finance company; but unless specifically authorized by the insurance company so to do he may not, as the representative of the finance company, commit an insurance company for which he acts as agent to any obligations or agreements suggested or required by the finance company. An insurance company or its agent may accept notice from the finance company that it holds the insured's assignment of certain interest in the unearned premium—in fact neither may refuse to accept such notice if tendered by the finance company. When so notified of an existing assignment the insurance company, or its agent, may not pay out any part of the unearned premium without satisfying the interest of the finance company.

It is the custom of some finance companies to make checks payable to the insurance company, but to deliver the check to the agent. Some of these checks contain conditions which affect the policy contract if the check is endorsed by the company or its agent; therefore the agent should make certain, before endorsing such checks, even for deposit, that he has an authorization from the insurance company to endorse the check and thereby agree to such conditions.

Contract and Power of Attorney

NOTE: The first installment is payable 25 days after date of this policy and subsequent installments are payable monthly thereafter.

THIS AGREEMENT, made and entered into at.....(Date)....., by and between.....(Name of Assured)....., First Party, and THE FINANCE COMPANY, Second Party, with respect to the Premium (s) on Insurance policy (ies) issued to the First Party in accordance with the following statement:

Date of Policy	Policy No.	Company	Premium
		Total	

Amount of Premium.....$.....

Down Payment .....$.....

Balance.....$.....

Service Charge .....$.....

Amount of Contract .....$.....

.....Monthly Payments of $.....

.....Monthly Payments of $.....

Date First Installment .....

FOR VALUE RECEIVED said Second Party agrees to pay the "Balance" of said premium (s), as set forth above; and said First Party in consideration thereof and for services to be rendered in his behalf in connection therewith, to wit: investigation of financial responsibility of the insurance company (ies) which investigation shall be furnished to the First Party at his request but shall in no sense be construed to be a guarantee of said financial responsibility, investigation of authority of agent or broker to bind the insurance company, and keeping in safe custody the insurance contract or certificate thereof, promises to pay to said Second Party, or its assigns, the said "Balance" of premium (s) together with interest thereon and a service charge amounting to the total sum indicated above as "Amount of Contract," at the office of said Second Party indicated below, in monthly installments as indicated above until paid in full; it being understood and agreed that in case of default in the payment of any of said installments, all unpaid installments shall become due and payable at once at the option of said Second Party, without notice thereof.

Herewith is a sample of a premium finance agreement.

It is further understood and agreed by and between the parties as follows.

1. That the said Second Party, in the event of default on the part of the First Party in the payment of any of said instalments, shall, if it elects, declare all the remaining amount unpaid, due and payable, order cancellation of said policies of insurance, or any one of them, and shall have the right to collect, receive and retain any and all return premium (s) and to apply the same in satisfaction, payment and discharge of any amount remaining due and unpaid and/or declared due and payable as aforesaid; provided, that in case the return premium (s) shall exceed said amount, the excess, after deducting the attendant costs and expenses, shall be remitted by said Second Party to said First Party, and the First Party hereby agrees to hold Second Party free and harmless of all liability of any kind whatsoever in connection with the retention by the Second Party of said policy (ies) and/or any acts of the Second Party in connection with the cancellation of said policy (ies) authorized under this contract.

POWER OF ATTORNEY. 2. The First Party does hereby irrevocably make, constitute and appoint the Second Party and assigns sole and exclusive true and lawful attorney for him and in his name, place and stead, until the indebtedness from the First Party to the Second Party hereunder shall have been paid in full, to have the sole and exclusive right to effect cancellation of any policy (ies) hereinbefore mentioned, hereby waiving any notice of cancellation, and to collect and receive from said insurance company (ies) the unearned premium (s) thereon on behalf of the Second Party, or otherwise and to apply the proceeds of said collection, after deducting the attendant costs and expenses, to the payment of the amount then remaining due and unpaid according to the terms of this contract, whether the said cancellation be effected for the benefit of Second Party, or its assigns, and in case of loss under said policy (ies) to collect so much of the proceeds payable under said policy (ies) on account of such loss as shall equal the unpaid balance due and payable to the Second Party according to the terms of this contract for the payment of said premium (s) and to apply the same to the satisfaction, discharge and payment of said unpaid balance, and to execute and to deliver any and all receipts and releases to said insurance company (ies) in case of alleged loss, theft, destruction or mutilation of said policy (ies) and First Party hereby delivers to and authorizes Second Party and assigns to retain the original policy (ies) or receipt for same, or copies of policy (ies) or certificate of the issuance thereof for the purposes herein set forth. Second Party is instructed to give notice, to Insurance Companies, of this Contract and Power of Attorney and Assignment and to do any and all other things necessary to effectuate the purposes thereof.

3. In case there shall be a loss, payable to the assured, under any or all of said policies before all outstanding payments have been made, Second Party and assigns shall have a lien on the proceeds payable under any or all of said policies in the amount of the whole sum then remaining due and unpaid to said Second Party under this contract; said Insurance Company (ies) is (are) authorized in case of such loss to pay Second Party or assigns such amount.

4. An affidavit by an officer of Second Party or assigns, made either before or after cancellation, as to the default of First Party in the payments or other obligations to be performed by him under this contract and/or as to the continuance in force of this Contract and Power of Attorney and/or as to the amount remaining due and unpaid to Second Party under this contract shall be conclusive as to said Insurance Company and the First Party, and the said Insurance Company is authorized to act thereon without further investigation and without liability as to any misstatement or error therein contained.

5. The Broker or Agent soliciting and/or writing said insurance is not the agent of Second Party, and has no authority to bind Second Party or assigns in any way whatsoever.

6. Second Party or its assigns are authorized to correct patent errors in this contract and/or other papers executed by the undersigned in connection therewith.

7. It is further understood and agreed that this contract shall be of no binding force and effect until accepted and executed by said Second Party.

IN TESTIMONY WHEREOF the parties hereto have caused these presents to be executed on the day and year first above written.

It is important that no endorsement be attached to the policy granting to the finance company, as the insured's assignee, rights which the insured does not have under the policy and which may not be granted because of prohibitions to the contrary in the policy or in the law of the state. When an insured defaults in the payment of an instalment under a finance contract, and the finance company tenders the policy, and a certified copy of the assignment, to the agent for the cancellation of the policy, it will save much useless correspondence if the agent will pay the return premium, after deducting the short rate earned proportion, to the finance company and settle the resulting balances with his company in the usual course of his accounting. Otherwise the finance company must make claim upon the home office of the insurance company and it having knowledge of only part of the details of the transaction must correspond with its agent to protect any rights the agent may have.

As a general precaution in the handling of all premium finance transactions the agent of an insurance company should carefully read all documents which he is required to sign, making sure that he is not committing his company to obligations which are not included in his commission of authority as agent; nor any that may violate the policy contract, or the law, by granting concessions which are contrary to either.

OFFICE RECORDS

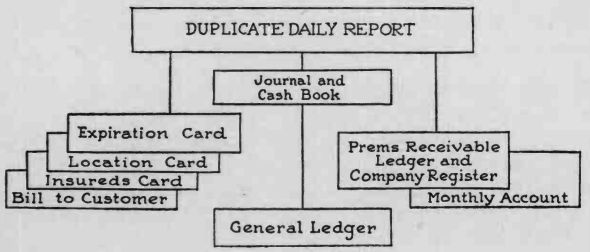
There are a great variety of systems in use by agents for the keeping of agency records and accounts.

Registers. The simplest system for a small agency is to use the register of each company as the record of all policies and endorsements issued for such company; as an expiration record, and even as customers' ledger and cash book. It takes less bookkeeping than any other method, and where the agent does not maintain an office force it usually works very well, but it will only serve for a small business, where the risks are mostly of small value, with only one or two policies to a risk.

A system which can be used for a larger business utilizes the individual register of each company to record all policies issued in such company, or one large register in which to record the policies of all companies represented, or the duplicate daily report system. This is supplemented by a cash book and ledger and sometimes by a journal. The expirations are posted to an expiration register, keeping each month of each year by itself, or to a card system by months of each year, or to a system of individual cards for each risk, filed by years, months and days of the month.

Card System. The tendency of the more modern office is to keep everything by card system and loose leaf books. There are many such systems in use and almost any of the large office supply houses (names furnished on request) will design one for the special needs of any office, or may be able to furnish stock cards for the purpose.

The system outlined here is taken from various sources and is intended for use in an up-to-date office where the business is of considerable volume. The system starts with the making of a duplicate daily report for each policy issued, the original daily report being sent to the company and the duplicate constituting the original agency record. The duplicate daily reports of each company are usually kept together in a file, either in numerical order or by expiration. The following chart illustrates the main elements of the system; sample of each card is printed herewith:



The cards used for recording (a) expirations, (b) amount at risk in each location, (c) insurance for customer at each location and (d) bill to insured, have been designed so all may be typewritten at one operation by use of carbon paper.

To insure immediate recognition and to aid in correct filing they may be clipped or notched; expiration cards notched in center of top, location cards clipped upper right corner, insured's card clipped upper left corner. By this means one cannot be misfiled with the others without instant detection.

Each card shows a circle in the upper right hand corner; also a space for numbering. As cards are filed they should be numbered consecutively when there is more than one card for a given location, or for one insured, and as each is numbered an X should be put in the circle on the prior card. Thus, an uncrossed circle on card indicates it is the last one for that particular location or insured.

Expiration Card. (6 x 4) The purpose of this card is to keep a record of all the business by expiration dates and to make certain that no policy is permitted to expire without being noticed. These cards are filed first as to years, then as to months, then as to days of the month.

It is suggested that different colors of cards be used to serve as a check on the correctness of the expiration date, one for each of five years of expirations (few policies being issued for more than a five-year term). Distinctive colors should be chosen, distinguishable in any light, such as, 1934 blue, 1935 buff, 1936 orange, 1937 green, 1938 red; all short terms expiring in year written, and long terms (over 5 years) white. The colors may be repeated at 5-year intervals.

Since the value of the system depends on the use of the proper color for the year of expiration, all expiration cards before being filed should be run over to see that the color and expiration correspond. When filed by years there should be only two colors together, that chosen for the particular year, and white for the short and long terms, as any other color will be misfiled.

EXPIRATION			JAN. FEB. MAR. APR. MAY INSURED	JULY AUG. SEPT. OCT. NOV. DEC LOCATION	
MONTH	DAY	YR.			
Apr.	1	23	Thomas Browning	NO. 129 Jackson St. Pleasant Valley Pa.	CARD NO 1 PAGE 4 BLOCK 7
TERM 3 Yrs					
ASSIGNED TO		DATE			
BROKER AND ADDRESS					

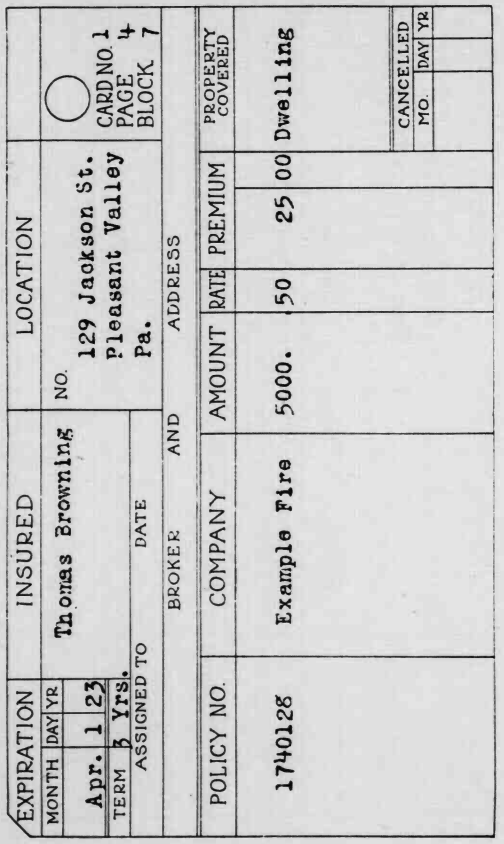
POLICY NO.	COMPANY	AMOUNT	RATE	PREMIUM		PROPERTY COVERED	CANCELLED MO	DAY	YR.
1740128	Example Fire	5000.	.50	25	00	Dwelling			

EXPIRATION			INSURED	LOCATION	
MONTH	DAY	YR.			
Apr.	1	23	Thomas Browning	NO. 129 Jackson St. Pleasant Valley Pa.	CARD NO 1 PAGE 4 BLOCK 7
TERM 3 Yrs					
ASSIGNED TO		DATE			
BROKER AND ADDRESS					

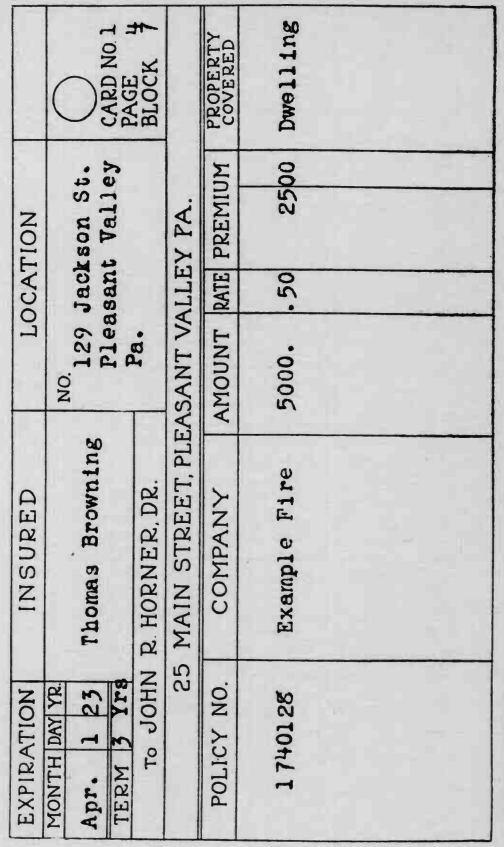
POLICY NO.	COMPANY	AMOUNT	RATE	PREMIUM		PROPERTY COVERED	CANCELLED MO.	DAY	YR.
1740128	Example Fire	5000.	.50	25	00	Dwelling			

Location Card. (6 x 4) This card is used to show the amount at risk in any one location, as 92 State Street, and these cards are filed by street and number.

Insured's Card. (6 x 4) This card is intended to be a complete record of all the insurance for a given insured at a given location, and a card is made for each insured at each separate location where insurance is placed.



Bill to Customer. (6 x 4) On direct business this bill may be sent with the policy to the insured. When the business is chargeable to a broker the bills may be kept until the end of the month (filed alphabetically by brokers) and a statement of all premiums due sent at that time.



Company Register and Premiums Receivable Ledger (15 x 8½ or 15 x 17). This book serves two purposes. On the left hand page it gives a consecutive record of policies issued for each company in the Agency with other information needed for the monthly account, as shown. The left side of the sheet is so arranged that a carbon copy may be made, such premium list to be sent to the company, totals only being carried into the regular account blank under this system.

LEFT HAND PAGE

Company Register and Premiums Receivable Ledger (15x8½ or 15x17)

Policy No.	Home Office Class	Term	Expiration Month Paid To	Amount Insured	Paid	Premium 10%	Premium 20%	Premium 25%	Commission Paid Agency	Net Premium	ASSURED and BROKER	Memo.

RIGHT HAND PAGE

Company Register and Premiums Receivable Ledger

	Pay Paid	Amount Paid	Amount Unpaid	Pay Paid	Amount Paid	Amount Unpaid	Pay Paid	Amount Paid	Amount Unpaid	Pay Paid	Amount Paid	Amount Unpaid	Pay Paid	Amount Paid

The right side of the sheet shows commission to broker (if any), net premium to agency, name of assured and broker.

This register together with the right hand page which has columns for payments and balances by months constitutes a ledger and monthly trial balance that is quickly proved even when there is a large volume of business. Return premiums are entered in red on sheets similarly ruled but with appropriate changes in the headings. This ledger is controlled by a "Premiums Receivable" account in the general ledger.

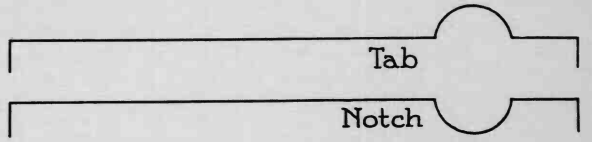
Monthly Account—Premium List. This, as explained previously, is an exact carbon duplicate of the left side of the register over to the column for "Commission to Broker." A margin should be left on the right side of this duplicate so that the Company office will have room for notation of original premiums on the return premium lists.

Card Filing. The use of distinctive colors for the various years of expiration will check the correctness of the card as to the year, but not as to the month. This may be accomplished by either of two methods:

First, the cards may have a tab projecting above the top line of the card, so placed as to denote the respective months of the year. With this method, when all October cards, for example, are filed the tabs will show a straight line along the top of the October file, and any tab out of line will denote a misfiled card. The objection to such a card is the likelihood of the tab being broken off in handling.

Second, the card may have a notch cut into the top line of card in place of a tab projecting above. With this method, when all October cards, for example, are filed the notches will show in the form of a groove along the top of the October file, and any break in the groove will denote a misfiled card. The notched cards may be handled without much chance of injury.

The top line of the two forms of cards will appear as illustrated:



Color Expiration System. A suggested system for overcoming the labor of entering expirations on a register or on cards is as follows:

Each company's daily reports to be used for original and duplicate, and an agent's daily report as a triplicate. This agent's triplicate daily report to be practically a blank, so that it will record the essential information no matter in what form the original daily report is arranged. Thus each daily report will give the amount, rate, premium, name of insured, commencement, term and expiration. A copy of the form should be pasted thereon unless the form has been written on the policy itself.

This triplicate to be in different colors, one for each of five years of expirations. For example, for business written in 1934 the following distinctive colors, discernible in any light if properly chosen, may be used for each respective year that policies expire: 1935 blue, 1936 buff, 1937 orange, 1938 green, 1939 red, and all short terms (expiring in 1934) or long terms (over five years) white. When the expirations for January, 1935, are desired, the whole January file will be run over and the blue and white triplicates picked out; so with all other months of that year. Beginning 1936 all buff and all white daily reports will be picked out. When it comes time to write five-year business expiring in 1939 the blue daily reports will again be used, since all blues denoting 1935 will have been picked out for each month before the 1940 daily reports for that month are ready for filing; thus blues will be 1935 and 1940, buffs 1936 and 1941, etc. Since the accuracy of the record depends on the use of the proper color for the year of expiration, all daily reports before being filed should be run over to make sure the color used is

the correct one. A system could be arranged to check the triplicates against the duplicates, but it would entail considerable work and seems unnecessary. The duplicates will be filed by months and each company's business separately in numerical order without reference to year of expiration. All endorsements and cancellations should be recorded on both duplicate and triplicate daily reports.

Correspondence. There is little to say about letter writing in the insurance business that does not apply equally in other lines of work. It is proverbial that clear, simple, concise, and courteous letters are an asset to any business. It is obvious that information sought, by client or company, should be promptly furnished. Sometimes this is not possible and many agents make a practice of acknowledging letters, where a full and complete answer can not be sent at once, by using a card or printed sheet reading somewhat as follows:

.....19....

Dear Sir(s):

Your letter of.....is receiving careful attention. Reply will be made within a short time.

.....

Agent.

Nothing is much more annoying than to have letters ignored that call for a reply, and this simple acknowledgment shows that a letter is not overlooked, at the same time giving opportunity to obtain the desired information or to take necessary action.

Instructions. Each company has its own system of underwriting and its own methods of operation. Its success depends in large measure upon the cooperation of its agents. Unless they carefully and intelligently follow its policy in the selection of business and in the lines written on individual risks or in congested sections, the success of both company and agent will be endangered. The agent who follows the company's instructions carefully and promptly not only does his share in the maintenance of its system of average, but also escapes any personal liability which he might be assuming by failure to observe same.

Reporting Losses. The agent should notify the company as soon as possible after a loss has occurred. Some companies request telegraphic notice if their share of the loss exceeds $100 and the following form of telegram is recommended:

".....per cent loss policy Seven Sixty-one Richards. (Name of Company) (Name of Company) also interested."

The last three numbers of the policy or policies involved is sufficient if a fire policy; if loss is under other than a fire policy, the word policy in the telegram should be prefaced by the class of policy, such as "Tornado," or "Inland Marine." The telegraphic notice is usually sent to the company and is followed by a mail notice, using the standard blank furnished, one copy thereof also being sent to the Special Agent. It will be noted that this blank calls for certain definite information and this should be given where possible to furnish it, particularly information as to property damage and estimated loss thereon (expressed in percentage of the insurance rather than of the value), the cause of fire, and where it originated. Any other pertinent information of possible value to the company or its adjuster or field man should also be given. (See "Losses.")

CHAPTER VI

WRITING POLICIES AND ENDORSEMENTS

SIGNING FORMS AND POLICY—TITLES—AMOUNT, RATE AND PREMIUM—TERM—PERPETUAL POLICIES—DESCRIPTION OF PROPERTY—LOCATION—OCCUPANCY—RUBBER STAMPS—ENDORSEMENTS (WITH SAMPLES).

The Policy. Each policy should state the full name of insured, amount, rate, premium, commencement, term and expiration, together with a complete description of the property covered and its location. Avoid all abbreviations, erasures or interlineations. The phrase, "etc.," should not be used, but instead "and other similar property." Neither should the term, "et al" be used.

The rule should always be followed of writing a policy in such clear, explicit and unmistakable terms, that no question will arise regarding the insured, the property covered or its location, or any of the conditions set forth in the form.

Signing the Forms and Policy. Each separate form, or rider, attached to a policy should bear the following or similar language: "Attached to and forming part of Policy No. .....of the.....Ins. Co.....Agent." and should be signed in ink by the agent, or his name written or stamped thereon, together with the name or initials of the one affixing same.

The policy itself should be signed in ink by the agent, or by one who has been *authorized* to sign his name for him. The object of signing in ink is because a pencil mark may smear, blur or be erased. The object of appending the initials of one signing agent's name is to provide identification of the signature in case it is necessary to prove same. Rubber stamp signatures or those written on a typewriter are especially unsatisfactory unless initialed, since any one can use a stamp or typewriter and there is no possible way of proving from the signature itself who affixed it. A signature in print is open to the same objection unless initialed.

Title (Insured). It is customary in writing the title of a policy in the name of an individual to use one of the given names of the insured, and if in the name of a married woman to use her given name.

The following are examples of familiar titles:

John R. Doe.
John R. Doe and Richard Roe, as interest may appear.
Doe & Roe, as now or hereafter constituted.
The Roe Engineering Co., Inc.
Richard E. Roe & The Roe Engineering Co., Inc., as interest may appear.
John R. Doe, Contractor, & Richard E. Roe, as interest may appear.
John R. Doe, Referee (or Trustee) in bankruptcy for Richard E. Roe.
John R. Doe, as Trustee for whom it may concern.
John R. Doe, for account of whom it may concern.
John R. Doe, as Trustee (or Guardian) for Richard E. Roe (infant).
John R. Doe, Executor (or Administrator) of Richard E. Roe, deceased.
John R. Doe, Kate S. Roe, and Kate S. Roe as Trustee (or Guardian) for Arthur T. Roe, infant, heirs of James C. Roe, deceased.
Estate of James C. Roe, deceased.
Heirs of James C. Roe, deceased.

"As interest may appear." This phrase is often used where owner and lienor, owner and contractor, owner and tenant, or vendor and vendee desire protection under one policy. By so doing two interests are covered without stating the precise interest of each. It relieves the insured from the warranty as to sole and unconditional ownership. The phrase is employed rather indiscriminately, but there is usually no harm in its use and there are circumstances when it is advisable if not necessary. Moreover, when used it gives each interest the right to demand payment to it individually of a loss sustained, in accordance with the terms and conditions of the policy contract, to the property owned by such interest. This right is very seldom exercised, for insurance companies

customarily pay a loss by draft made to the several interests as designated in the policy, leaving the division of the money to those entitled thereto.

"As Now or May be Hereafter Constituted." This phrase is used in order to keep the insurance valid, or avoid possible dispute, in case of changes in name or personnel of the insured which might involve a change of interest. For example, if a copartnership takes in a new partner the interest is held to be changed, but not if a partner retires, nor if, without new partners, the firm name changes. In the latter case, however, it is usually felt desirable to change the title of the insurance.

Estates. In writing insurance for an estate it is never advisable, if it can be avoided, to write it as in the last two titles given in the foregoing list, for the reason that if loss occurs the insurance company will not know to whom loss should be payable except by evidence outside of the policy contract, and sometimes it is difficult to get a satisfactory release of the insurance company's obligation to pay the amount of any loss to heirs, or others, who may have an interest in the property covered. This is especially true when the policy is written under the title of "Estate of James C. Roe, Deceased," and it is found that the insured has left no will. The question then arises, "Who are the heirs, and who is entitled to an interest in the estate?" and the company is not likely to pay any loss until that question is answered. When it becomes necessary to insure against loss to property of the estate of a deceased person where there is no will, it is best to insert a condition after this form: "Loss, if any, to be adjusted with, payable to and recoverable by John R. Doe, and by him only, subject to the rights of the mortgagee, if any," substituting for "John R. Doe" the name of some person representing all parties in interest, or at least those thereof at whose instance the insurance is procured.

"For Whom It May Concern." This phrase is chiefly intended for use when "John R. Doe" (the insured specifically named) desires to protect by insurance other and various parties, who it may be are constantly changing. It is held that the interests protected by these words must be such interests as were contemplated by the one securing the policy;

they need not necessarily be particular individuals, but may be a certain class of individuals. As illustrative: Insurance taken out in the name of an owner of an elevator or cold storage plant to cover grain or produce by whomsoever owned while contained therein.

This phrase will protect those intended to be covered who have property involved in a loss, regardless of whether they had an interest at the time the insurance was taken out, or acquired it subsequently; it gives each such owner the same right as do the words "held in trust," (see Commission Clauses), viz., subsequent to a fire to ratify the insurance, even though previously ignorant of its existence, and take the benefit thereof.

Policies written in the name of "John R. Doe, for account of whom it may concern," should have a clause inserted, reading, "Loss, if any, to be adjusted with, payable to and recoverable by John Doe and by him only, subject to the rights of the mortgagee, if any," and should also exclude property specifically insured. (See Exclusion Clauses.)

POLICY WRITING

Amount. The amount for which a policy is written, commonly called its "face," should agree with the amount stated on the form, if but a single item is covered, or should equal the sum of the amounts of all items, if there are two or more. The exception to the latter is where the amount of the policy, being only a portion of the total insurance, is intended to cover pro rata of all the items.

Where a form is used that has two or more items, such as "$..... on building, $..... on machinery therein," but the whole amount of the policy is to cover on but one of the items, the word "Nil" or "Nothing" should be entered in the space after the sign "$....." Otherwise the policy may be held to cover blanket over all the items.

Rate and Premium. Rates are customarily based upon $100 of insurance for the term of one year; thus a rate of 60c means 60c per $100 per annum. The amount of policy multiplied by the rate will result in the premium; thus $1,000 of insurance at the rate of 60c calls for a premium of $6.00.

Commencement, Term and Expiration. The commencement of the policy is the date on which the insurance is to take

effect. The term is the length of time for which it is to cover. Local underwriting rules customarily determine the terms, i.e., the length of time, for which various classes of property may be written and the rates therefor. Usually policies are written for periods of one year or less, three years and five years. A policy may legally commence on Sunday providing it is countersigned on a business day.

Wide latitude is given in changing by endorsement the printed or written conditions of the policy, but the term and expiration should never be changed by endorsement; the policy should be cancelled and rewritten, or, in rare cases may be changed by erasure.

Perpetual Policies. Some companies issue perpetual policies which run without limit of time and are usually issued only at the head office of the company and under special circumstances. A deposit premium is paid and no further premium is necessary unless conditions surrounding the property call for a readjustment of the rate. Customarily these policies may be cancelled by either the insured or the company. In the former case 90 per cent of the deposit premium is returned to the insured and in the latter case all of it is returned.

Description. Descriptions of buildings in policy forms are somewhat a matter of local custom and rating methods, but, generally speaking, dwellings are described by height, roof and construction, as for example, "the two story, shingle roof, frame dwelling." Other classes of buildings are described by construction only. When buildings do not show on insurance maps it is customary to describe them in more detail in the policy form.

When insuring contents, the form should specifically describe them, with necessary detail, followed by the words, "while contained in," followed in turn by a description of building and its location.

Location. The location should be explicit so that there is no mistaking the situation of the property described, as for example, "situate No. 24 State Street, Rochester, N. Y.," or "East side of State Street about 170 feet North from Main Street" or "Lot No....., Block No....." together with the division or sub-division if necessary, or "Westerly side of Long Street, being the house now occupied by James Roach." There are various ways of describing property located in the country, as for example, "situate westerly side of main road from Norfolk to Suffolk in Kent Township, Middlesex County, N. J." In some parts of the country it is customary to give the Section, Township and Range numbers.

Occupancy. Most rating organizations and companies require that the nature of the occupancy, or the general class of occupancy, be stated in the form. It therefore may be laid down as a rule that same should always be stated, as for example, "as a dwelling," "as a store and dwelling," "for mercantile purposes," or "as a shoe factory," etc. Sometimes local underwriting rules require the specific nature of the occupancy to be stated. Then it will not be sufficient to say, "for mercantile purposes," but instead must state, for example, "as a hardware store." It is not advisable to use the expression "while occupied as," except in those cases where the agent and/or company desires to specifically restrict the occupancy to that stated in the policy, then it is best to say "*only while* occupied as."

Rubber Stamps. The courts have held that any provision of a policy that is not legible shall not be binding on the insured, therefore if a rubber stamp is used care must be exercised that the imprint on the policy shall be clear and easily decipherable. For this purpose red ink is preferable, as being more distinct.

POLICY CHANGES

Endorsements. A policy sometimes requires changes in amount, rate, form or conditions, in which case an endorsement thereon, written, typewritten, or printed, is necessary. Such endorsement, if on a separate piece of paper, should bear the name of the issuing agency, policy number, name of insured, and the date and nature of the changes expressed in clear and unambiguous language. The endorsement should be signed (with date stated) by the agent (see Signing the Forms) and securely pasted—not pinned—upon the policy. A full and complete copy of the endorsement, in the exact language thereof, should be filed with the agent's records and

a similar copy forwarded to the company, with any explanation necessary or desirable. Each endorsement should bear the following or a similar phrase:

"Attached to and forming part of Policy No.....
of the .....Insurance Company.
.....Agent."

There is no one general form or set phraseology used but it is always well to give the date from which the endorsement is to take effect, such as stating, "From date hereof," or "On and after (date)." A few illustrations of the more frequently used forms of endorsements follow:

Assignment of Interest. Where property described in a policy changes ownership, the policy may be assigned to the new owners. Most policies have a place specifically provided for this change, usually under the headings

"Assignment of interest by insured"
and
"Consent by Company to Assignment of Interest."

The "assignment" should be signed by the insured who is transferring ownership, and the "consent" by the agent of the company. When such assignment is made it should be noted on the agent's records and the company advised in the following or similar language:

"Interest of (name of insured) in this policy assigned to (name of new owner) by consent."

It is rarely advisable to partially assign a policy, as for example, where it covers on a dwelling and on household furniture therein and the dwelling is sold. Either cancel and rewrite under two policies, one for each owner, or cancel the amount covering on the property sold, and write a new policy thereon in the name of the new owner.

Removal. The policy may be transferred to cover the same property in another location (see exceptions noted). The following or similar language may be endorsed on policy:

"Permission is hereby granted to remove the property insured by this policy to the.....situate.....
and this policy is hereby made to cover same property in new location, all liability in former location to cease from this date."

There is usually no objection to making the policy cover in both locations pro rata during removal, in which case the following is used in place of the last 10 words of the foregoing:

"This policy shall cover in both locations during removal in the proportion that the value in each bears to the value in both."

If the rate is not the same in both locations then the additional—or return—premium should be stated, being figured usually on a pro rata basis.

Exceptions:

The agent usually has no authority to grant removal permit where property is taken to another state, or to a town or locality not in the vicinity where he is commissioned to act as agent, but may be consented to by the company.

Policies covering on grain in elevators, merchandise in storage, whiskey in bonded or free warehouses, and similar properties, are not usually transferred, but instead are cancelled at short rates.

The local underwriting rules will guide the agent in this respect.

Changes in Cover or Items. Where a readjustment of the insurance requires a change in the form attached to a policy, or a change in its items, the endorsement should clearly express such change, for example as follows:

WHERE NO CHANGE IS REQUIRED IN PREMIUM, AMOUNT OR ITEMS BUT MERELY A CHANGE IN FORM.

"From date hereof this policy shall cease to cover as heretofore, and shall apply as follows":

Below this attach the new form.

WHERE INSURANCE APPLYING ON ONE OR MORE ITEMS OF A SCHEDULE IS TO BE INCREASED BUT THE AMOUNT OF POLICY UNCHANGED.

"From date hereof the form attached to this policy is hereby amended as follows: $.....shall hereafter apply on item No....., covering.....known as ....., and the total amount of schedule is increased to $....., the amount of this policy remaining unchanged and to cover pro rata of all items."

WHERE PREMIUM IS CHANGED

"In consideration of $.....additional (or return) premium, from date hereof this policy shall cease to cover as heretofore and shall apply as follows":

To complete this endorsement a new form may be attached showing the full amount by items, or only the changes in the items affected may be stated.

WHERE PREMIUM AND AMOUNT ARE CHANGED.

"In consideration of $.....additional (or return) premium, the amount of this policy is hereby increased (or reduced) $....., making the total amount thereof $..... and from date hereof same shall cease to cover as heretofore, and shall apply as follows:

$.....on item No. 1, covering.....
.....on item No. 2, covering.....
.....on item No. 3, covering.....

Partial Cancellation. When the amount of insurance is to be reduced it is often preferable to cancel the policy outright and to write a new one for the reduced amount. Sometimes, however, there is good reason for a reduction in the amount of the policy, more particularly when only one item is affected, and in such cases the endorsement should be made to clearly express the change, for example as follows:

"In consideration of..... return premium $.....
of the amount of this policy (or the.....item of this policy) is cancelled from date hereof, leaving in force $.....
covering as before (or covering on said item)."

In all cases of partial cancellation the endorsement should be signed by the insured in duplicate, one copy being attached to the policy and one forwarded to the company. This is to avoid any question in case of loss, for the endorsement might in some way become detached from the policy, the insured or agent not recall that reduction of amount had been made, leaving it difficult if not impossible for the company to prove the transaction.

Reinstatement of Loss. The term "Reinstate the policy" means to reinstate the amount of loss that has been paid

thereunder and make the policy again cover for the original amount. This is customarily done in the case of small losses, and the following form of endorsement may be used:

"In consideration of $.....additional premium, loss amounting to $..... by fire of (date) is hereby reinstated, and policy is continued for the full amount, viz., $....."

Mortgage Claim Satisfied. When a mortgage has been paid off, and policy is to be made payable to the insured, or to a new mortgagee, the endorsement should read somewhat as follows:

"Interest of.....mortgagee having ceased (or, mortgage interest of.....having been satisfied), loss, if any, under this policy shall hereafter be payable to the insured" (or "payable to.....mortgagee.")

Foreclosure and Notice of Sale. When mortgage is—or about to be—foreclosed, the following or similar endorsement should be made on the policies of insurance:

"Consent is hereby given for foreclosure proceedings to be commenced on the within described property or notice given of sale thereof by virtue of mortgage or trust deed."

Certificates and Duplicate Policies. When the mortgagee, as is customary, holds the policy, the insured will frequently desire a Certificate of Insurance, or, in some cases, a duplicate policy. Most companies furnish blank certificates, the following being a sample:

No.....
Amount $.....Rate.....Premium $.....

This Certifies, That Policy numbered as above has been issued, for a stipulated consideration of
.....Dollars Premium
Insuring .....
.....for the term of.....
from the.....day of.....19....at noon
to the .....day of.....19....at noon
against all direct loss or damage by fire, except as therein provided, to an amount not exceeding
..... Dollars

to the following described property while located and contained as described, and not elsewhere, to-wit;

.....

Loss, if any, payable to.....Mortgagee.

This Certificate is issued with the understanding that it is only a Copy of the Policy named herein, and is subject to all clauses, riders, amendments, endorsements and assignments that may be made on said Policy, and in case of cancellation of Policy this Certificate will immediately become null and void.

.....Agent.

Where a duplicate policy is issued a blank policy may be taken out of the regular series and written up in identical form with the original. It should have stamped or written across its face the word DUPLICATE, together with the following or similar condition:

DUPLICATE.

"This Duplicate is issued with the understanding that it is only a copy of the ORIGINAL, and subject to all endorsements and assignments that may be made on said original and in case of cancellation thereof, this duplicate will immediately become null and void."

When a duplicate policy is issued, a daily report should be sent to the company, marked "Duplicate of Policy No. ....," and duly recorded as such in the agent's records and in the company's monthly account.

CHAPTER VII

LOSSES

WHAT TO DO—WHAT TO AVOID DOING—ADVICE TO INSURED —ADJUSTMENT BY AGENT—PROOFS OF LOSS—RECEIPTS FOR LOSS PAID—PAYMENT OF LOSSES—APPRAISAL AGREEMENT— NON-WAIVER AGREEMENT—SUBROGATION RECEIPT.

Agent's Duty. When a loss occurs the agent is often in doubt what to do, or avoid doing, in order to properly conserve the interests of both parties, namely, the insured and the company; yet, in large measure, he must be guided by his own good judgment based on the particular circumstances surrounding each claim. Certain things, however, are always expected of the agent:

"He should give proper notice to the company (or companies) interested, and to its field men, if any (see Reporting Losses);

"He should avoid making any endorsement or correction or change of any kind on a policy after a fire has occurred, or accepting any premium or additional premium. The reason for this is to avoid taking action that might waive some violation of the conditions of the policy or reinstate a policy that is void;

"If binder has been given and fire occurs before the policy is issued, it is usually better to report the facts to the company and let it direct what further action shall be taken."

Giving Advice. Advice to the insured after a fire should usually be confined to pointing out the conditions of the policy as set forth therein. It is the first duty of the insured, after notice of fire has been sent to the company, to handle the damaged property in a way to prevent further loss, and this may be explained to the insured and advice given as to the

best means to employ. Within reasonable limits, expenditures undertaken for protecting the property from further damage become a proper charge against the loss and may be included in the claim; such as, for example, covering a hole in the roof, handling wet stock, greasing machinery, etc.: But expenditures necessary in order that the insured may be in position to present a claim are not properly chargeable to the loss; such as, making the inventory, preparing statements, etc.

There are so many different conditions which may arise that it seems impracticable to give any definite directions how to protect property from further damage. Good sense must largely govern. Buildings with holes in roof or walls should be protected from the elements, and it is usually better not to dry out a building by artificial heat, except of very low degree. Machinery that is wet should be greased, using what machinists call "slush." Stock should be dried; usually, air drying is preferable and an excessive degree of heat is almost always harmful. Often the advice of someone in the same line of business will be valuable, and perhaps the very best guide is for the insured to consider, "What would I do if I had no insurance."

Adjustment by Agent. While the more important and larger losses are usually adjusted by one of the adjustment bureaus, or an independent adjuster, or by a salaried adjuster employed by the insurance company, it is not unusual to refer small losses to the agent for adjustment, in which case it will be expected that he will deal fairly with both insured and company, fixing the amount of loss on the basis of indemnity only, but allowing the insured all to which he is entitled. (See Cash Value.)

It seems proper to say that while the companies naturally desire to keep their losses down as much as they can legitimately, the time has long since passed when reputable companies wish to have their losses settled for as little as possible regardless of equity; and the company that permits its representatives to browbeat and mulct the insured very soon gains an unenviable reputation, both among agents and brokers, and among other companies—to say nothing of that part of the public with whom it comes in contact loss-wise.

In adjusting a loss all the policies covering on property involved should be examined and tabulated, showing the amount of each and the items (if more than one) under which claim for loss is made: they should be carefully compared to see whether they are concurrent, and read in detail to see whether the property is covered for which claim is made.

Inquiry should be made and all evidence examined to determine, if possible, the cause of fire; and, if this cannot be definitely established, then the most likely cause should be given, with suitable explanation.

The adjustment should determine *sound value* of both the damaged and the undamaged property, as well as the loss, and if there is a coinsurance clause attached (insurance being insufficient to comply therewith) the apportionment should show the portion of the loss borne by the insured in accordance with such coinsurance clause.

If the agent is not certain that the company is liable, or if there are any doubts in his mind about the honesty of the origin of the fire, or the claim for loss, and he cannot resolve such doubts, he will naturally refer same to the company, with a full statement of facts, and ask instructions.

Required Papers. In the settlement of every loss the papers required by the company are: Proof of Loss, Report of Loss (for statistical purposes), and in certain cases, Receipt for Payment. When the sound value and the loss are agreed upon, the person adjusting the loss usually makes out the Proof of Loss, has the insured sign and swear to it, and forwards it to the company or field man, draft in payment being forwarded to the agent in due course for delivery to the insured. The policy provides that payment shall be made within 60 days after proof is received by the company, but small losses are usually paid without delay. For the reason that loss need not be paid until 60 days have elapsed, it was for

many years the custom to take off 1 per cent discount if loss was paid at once, and this custom still prevails in some sections, although it has quite largely been abandoned, and companies generally are now promptly paying all losses, large or small, without discount.

Proofs of Loss. The short form Proof of Loss is used where the whole loss is $100 or less; otherwise, the long form, unless one single form has been adopted for all losses. Sometimes the agent pays with his own check the small losses which he adjusts, and charges the loss to the company in his next account, or deducts the amount from his next remittance. The Proof of Loss need be signed only by the insured, but checks in payment of a loss should be made payable to all parties mentioned in the policy; that is, the insured, and all the mortgagees or trustees, if any, or the payee under a loss payable clause; when the agent pays the loss a receipt, likewise signed, should always be secured and forwarded to the company for its voucher. The policy unless cancelled by loss or when loss is paid, or amount of loss is reinstated, should always be endorsed with the payment of the loss, a convenient form being as follows:

"Fire (date).....; Loss $.....; Paid (date).....; Item..... involved; Amount of policy or items reduced accordingly."

Some companies require a receipt signed in duplicate by the insured, one going to the company and one being attached to the policy. Other companies forward a receipt with draft in payment of loss and require it to be signed on delivery of draft and attached to policy; others take the draft only as a receipt.

All the information called for on proofs of loss should be given, including a detailed statement of the property damaged or destroyed.

Here is a sample of a Proof of Loss in general use for large or small losses. It is a four page form, the first page reading as follows:

POLICY NUMBER ..... AMOUNT OF POLICY $.....

AGENCY AT ..... ISSUED ..... EXPIRES .....

SWORN STATEMENT IN **PROOF OF LOSS** TO THE .....19..... | .....19.....

.....

OF

.....

BY THE ABOVE NUMBERED POLICY OF INSURANCE YOU INSURED .....

Against loss by fire upon the property described under Schedule "A," according to the terms and conditions of the said policy and all forms, endorsements, transfers and assignments attached thereto.

(1) **TIME AND ORIGIN:** A fire occurred on the.....day of..... 19...about the hour of .....o'clock.....M. The cause and origin of the said fire were:

.....

.....

.....

(2) **OCCUPANCY:** The building described, or containing the property described, was occupied at the time of the fire as follows, and for no other purpose whatever:

.....

.....

(3) **TITLE AND INTEREST:** At the time of the fire the interest of your insured in the property described by this policy was sole and unconditional ownership, and no other person or persons had any interest therein or incumbrance thereon, except:

.....

.....

(4) CHANGES: Since the said policy was issued there has been no assignment thereof, or change of ownership, use, occupancy, possession, location or exposure of the real or personal property described, or of your insured's interest therein, except:

.....

.....

.....

(5) TOTAL INSURANCE: The total amount of insurance upon the property covered by this policy was, at the time of the fire, $....., as more particularly specified in the apportionment attached under Schedule "C," besides which there was no policy or other contract of insurance, written or oral, valid or invalid.

(6) THE CASH VALUE of said property at the time of the fire was $.....

(7) THE WHOLE LOSS AND DAMAGE as stated under Schedule "B" was $.....

(8) THE AMOUNT CLAIMED: under the above numbered policy is $.....

The said loss did not originate by any act, design or procurement on the part of your insured, or this affiant; nothing has been done by or with the privity or consent of your insured or this affiant, to violate the conditions of the policy, or render it void; no articles are mentioned herein or in annexed schedules but such as were in the building damaged or destroyed, and belonging to, and in possession of the said insured at the time of said fire; no property saved has in any manner been concealed, and no attempt to deceive the said company, as to the extent of said loss, in any manner been made. Any other information that may be required will be furnished on call and considered as part of this proof.

The furnishing of this blank or the preparation of proofs by a representative of the above insurance company is not a waiver of any of its rights.

State of.....

.....

County of.....Insured

Subscribed and sworn to before me this.....day of.....19...

.....Notary Public

The second page is headed as follows:

"SCHEDULE "A"—POLICY FORM

Below are complete copies of all written or printed forms attached to the policy, including endorsements transfers and assignments attached thereto.

(balance of page blank)

The third page is headed as follows:

SCHEDULES "B" AND "C"

STATEMENT OF CASH VALUE AND LOSS AND DAMAGE.
LIST OF INSURANCE AND APPORTIONMENT

(balance of page blank)

The fourth page is used as the filing page.

Appraisal. When loss is submitted to appraisal as provided in the policy, it is the custom for an appraisal agreement to be executed between the insured and the company or companies interested. This should be signed, in duplicate, by the insured and all the companies interested, one copy being for use by the appraiser named by the insured and the other for use by the appraiser named by the company or companies. Sample forms follow:

FORM OF APPRAISAL AGREEMENT

IT IS HEREBY stipulated and agreed by and between.....
John and Richard Roe.....
of the first part and.....
.....Example Insurance Company of Hartford.....
.....Victor Insurance Company of New York.....
.....
.....
.....
each acting for itself and not as agent for the other, and each as party of the second part, that.....
.....Henry Jones....., designated by the parties of the first part, and.....
.....Thomas Smith....., designated by the parties of second part, shall ascertain, pursuant to the terms and conditions of the policies of insurance issued by said companies to the party of the first part, the second actual cash value of the property

of said party of the first part, on the.....day of.....May..... 1934, which is more particularly described in the policies as.....

(Attach copy of form)

.....

.....

as well as the actual direct loss or damage caused thereto by a fire which occurred on that day; that the said two appraisers shall first select a competent and disinterested person who shall act as umpire, and the said two appraisers together shall then estimate and appraise the loss, stating separately sound value and damage, and failing to agree shall submit their differences to the said umpire; and the award, in writing, of any two shall determine the amount of such loss. Such loss or damage shall be ascertained or estimated according to the actual cash value of said property at the time of the occurrence of said fire, with proper deduction for depreciation however caused, and shall in no event exceed what it would then cost the insured to repair or replace the same with material of like kind and quality, but such appraisement does not in any respect waive any of the provisions or conditions of said policies of insurance, or any forfeiture thereof, or the proof of such loss and damage required by the polic..... of insurance thereon.

New York,.....May 7.....19....

.....John & Richard Roe,.....

.....by John Roe.....

.....Example Insurance Company,.....

.....by E. R. Loe, ...

.....Special Agent.....

.....Victor Insurance Company,.....

.....by H. P. Moe,.....

.....State Agent .....

ANOTHER FORM OF APPRAISAL AGREEMENT

IT IS HEREBY stipulated and agreed by and between..... John and Richard Roe..... of the first part, and..... .....Example Insurance Co. of Hartford..... .....Victor Insurance Co. of New York..... .... each acting for itself and not as agent for the other, and each as party of the second part, that..... .....Henry Jones....., designated by the part.... of the first part, and..... .....Thomas Smith....., designated by the part.... of the second part, shall ascertain, pursuant to the terms and conditions of the polic..... of insurance issued by said comp.....

to the party of the first part, the sound actual cash value of the property of said party of the first part, on the.....day of....., 19...., which is more particularly described in the policies as .....

(Attach copy of form)

.....

.....

as well as the actual direct loss and damage caused thereto by a fire which occurred on that day and/or, if this agreement contemplates personal property, in such case damage if any caused by removal from premises endangered by fire; that the said two appraisers shall first select a competent and disinterested person who shall act as umpire, and the said two appraisers together shall then estimate and appraise the loss, stating separately sound value and damage to each item, and failing to agree, shall submit their differences only, to the umpire. An award, in writing, so itemized, of any two when filed with the insurance companies above designated shall determine the amount of sound value and of loss or damage. Such loss or damage shall be ascertained according to the actual cash value of said property at the time of the occurrence of said fire, with proper deductions for depreciation however caused, and shall in no event exceed what it would cost to repair or replace the same with material of like kind and quality within a reasonable time after such loss or damage, without allowances for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair and without compensation for loss resulting from interruption of business or manufacture, but such appraisement does not in any respect waive any of the provisions or conditions of said policy or policies of insurance, or any forfeiture thereof, or the proof of such loss and damage required by the policy or policies of insurance thereon.

Each appraiser shall be paid by the party selecting him and the expenses of appraisal and umpire shall be paid by the parties equally.

The reverse side of the appraisal agreement blank provides as follows:

APPOINTMENT OF A THIRD PERSON

We, the undersigned, do hereby appoint..... as umpire, as provided for in the within Agreement.

.....19....

.....

.....

Appraisers.

DECLARATION

State of.....
County of..... } ss.

We, the undersigned, do solemnly swear that we are not interested, either directly or indirectly, as partners, creditors, or otherwise, or related to either of the parties of the foregoing agreement; that we will act with strict impariality in making an appraisement agreebly to the foregoing appointment, according to the best of our knowledge, skill and judgment.

WITNESS our hands this.....day of..... A. D., 19....

.....
.....
Appraisers.

.....
Umpire

Sworn to before me by said..... and subscribed by.....in my presence, this..... day of.....A. D., 19....

.....
.....

AWARD

We the undersigned, pursuant to the within appointment, do hereby certify that we have truly and conscientiously performed the duties assigned us, agreeably to the foregoing stipulations, and have appraised and determined the actual cash value of said property on the.....day of.....19...., and the actual direct loss and damage thereto by the fire on that day, to be as follows, to wit:

Actual Net Cash Value.....
Actual Direct Loss and Damage.....
.....

WITNESS our hands, this.....day of.....19....

.....
.....
Appraisers.

.....
Umpire.

Non-waiver Agreement. When there is question as to the liability of the company under a policy, but it is desired to fix the amount of sound value and loss, leaving the question of liability for determination later, it is the custom for a non-waiver agreement to be executed between the insured and the company interested. This is intended to have the effect of relieving the company from any acknowledgment of liability, or waiver of violation of any of the conditions of the policy. Generally speaking, any act by a company or its representative looking toward the actual adjustment of a claim for loss, taken after knowledge of a violation of some policy condition, or a fraud, may be construed as a waiver thereof unless a non-waiver agreement has been executed.

FORM OF NON-WAIVER AGREEMENT

It is hereby mutually understood and agreed by and between .....John and Richard Roe..... of the first part and the.....Example Insurance Company..... of.....Hartford.....and other Companies signing this agreement, parties of the second part, that any action taken by said parties of the second part in investigating the cause of fire or investigating and ascertaining the amount of loss and damage to the property of the parties of the first part caused by fire alleged to have occurred on.....May 4th.....shall not waive or invalidate any of the conditions of the policies of the parties of the second part, held by the parties of the first part, and shall not waive or invalidate any rights whatever of either of the parties to this agreement.

The intent of this agreement is to preserve the rights of all parties hereto and provide for an investigation of the fire and the determination of the amount of the loss or damage, in order that the party of the first part may not be delayed unnecessarily in .....business and in order that the amount of..... loss and damage may be ascertained and determined without regard to the liability of the parties of the second part.

Signed in duplicate, this....7th....day of....May.....19....
.....John & Richard Roe,.....
.....by John Roe,.....
.....Example Insurance Co.,.....
.....by E. R. Loe,.....
.....Special Agent.....
.....Victor Insurance Co.,.....
.....by H. P. Moe,.....
.....State Agent.....
.....

NON-WAIVER AGREEMENT

(In use in New York City)

Whereas, an early ascertainment of the amount of both Sound Value and Loss or Damage, if any, is desired by both parties to this agreement:

It is hereby mutually understood and agreed by and between .....part..... of the first part and the.....of .....and other Insurance Companies signing this agreement, or assenting hereto, part.....of the second part, that this agreement and/or any action taken by said part.....of the second part in investigating the cause of fire and/or investigating and ascertaining by appraisement or otherwise the sound value of and the amount of loss and damage to the property, described in the policies of the said fire Insurance Companies, situated..... caused by fire alleged to have occurred on..... shall not waive or invalidate any of the conditions of the polic..... of the part.....of the second part, or any forfeiture thereof, and shall not waive or invalidate any rights whatsoever of either of the parties to this agreement.

The intent of this agreement is to preserve the rights of all parties here to and provide for an investigation of the fire and the determination of the sound value and the amount of the loss or damage, without regard to the liability of the part.....of the second part.

Signed in duplicate, this.....day of.....19.....

....

....

....

....

Subrogation Receipt. When the insurance company is to be subrogated to any rights or claims the insured may have against a third party, the following form of receipt may be executed by the insured:

SUBROGATION RECEIPT

$..... **Received** of the Example Insurance Co., by the hands of.....John R. Jones.....Agent.....Rochester, N. Y.... the sum of.....Two Thousand ($2,000).....Dollars, being in full of all claims and demands for loss and damage by fire on the.....4th.....day of.....May.....19....., to the property insured by Policy No.....322,496.....issued at the.....Rochester, N. Y.....Agency of said Company.

And in consideration of such payment the undersigned hereby assigns and transfers to the said Company each and all claims and demands against any person, persons or property, arising from or connected with such loss or damage (and the said Company is subrogated in the place of and to the claims and demands of the undersigned against said person, persons or property in the premises) to the extent of the amount above named.

Dated this.....7th day of.....May.....19...., at .....Rochester, N. Y.....

(Signed).....John & Richard Roe,.....
by John Roe.

ANOTHER FORM OF SUBROGATION RECEIPT

Received of the Victor Insurance Co. the sum of..... ..... Dollars, being in full of all claims and demands for loss and damage by fire, collision or other casualty, occurring on or about the..... day of....., 19.... to the property described and insured by Policy No.....issued at .....Agency of said Company; and in consideration of such payment the undersigned hereby assigns and transfers to said company each and all claims and demands against any person, persons or property arising from or connected with such loss or damage, and the said Company is hereby subrogated in the place of and to the claims and demands of the undersigned against said person, persons or property in the premises to the extent of the amount of said payment, which right of subrogation shall be prior to any right of the undersigned; and the undersigned hereby agrees that said Company may bring suit in the name of the undersigned but to the sole benefit of said Company, and may compromise any such claims and receive any payment deemed expedient by it in full settlement of all claims and demands of any persons, firm or corporation against any person, persons or property without right of intervention or objection by the undersigned; and the undersigned further agrees to execute upon request of said Company any and all forms of release, discharge and agreement of settlement deemed necessary or expedient by the said Company, without interest or right on the part of the undersigned unless the amount to be received as consideration for said releases shall exceed the amount of the above payment with all expenses and costs to which the Company may be put in recovering the same, and in such case the interest of the undersigned shall be only to the amount of such excess; it being understood and agreed that the undersigned is to be saved

harmless from any expense in connection with the prosecution of such claim or suit, except in case a counter-claim is filed and recovery had on said counter-claim, in which event the undersigned agrees to pay said counter-claim without liability on the part of said Company.

Dated and duly executed by the undersigned this.....
day of.....A. D., 19....

.....

.....

APPORTIONMENTS (NONCURRENT INSURANCE)

Apportionment of insurance which is not concurrent is one of the most vexing and troublesome questions with which adjusters have to deal, and one reason therefore lies in the fact that no rule or rules have been established either by law or custom under which such apportionments may be made without fear of challenge. The difficulties arising in cases of nonconcurrence are so clearly recognized that a number of the States permit on the file page of the standard policy a memorandum reading as follows: "It is important that the written portions of all policies covering the same property read exactly alike. If they do not, they should be made uniform at once."

Many so-called "rules" have been originated, each intended to solve some specific problem of nonconcurrence and subsequently invoked as a precedent, so that there exist today a number of such rules, all having real or fancied merit, by which the adjuster may be guided as the case may seem to warrant, unless he leaves all beaten paths and blazes a new trail; these are set forth in following pages with examples showing their application.

There are two legal maxims which the adjuster will bear in mind in making an apportionment of nonconcurrent insurance—namely, (a) any ambiguity in the terms of a contract shall be construed against the party thereto responsible for its phraseology. (b) Apportionments of nonconcurrent insurance shall be made in the manner most favorable to the policyholder.

Nonconcurrent insurance may be divided into two general groups, namely, simple nonconcurrence and double or compound nonconcurrence.

Simple Nonconcurrence

The term "simple nonconcurrence" covers those cases which come within the following classes:

Where loss occurs on a property covered by specific insurance and by blanket insurance which covers other property as well, there being no loss on the property covered only by the blanket insurance. The rule in such case is that the face amount of such blanket insurance must contribute with such specific insurance to pay the loss. This is known as the "Page vs. Sun" rule.

EXAMPLE

	Value	Loss	Insurance
A		$100	(x) 1000 } 2000 (y)
B		nil	
			$3000

	Ins		Loss
x	$1000	(specific on A)	$33.33
y	2000	(blanket on A and B)	66.67
	3000		$100.00

Where loss occurs on a property covered by a single item of specific insurance and as well by blanket insurance which covers in addition other property on which there is no specific insurance, there being a loss also on the property covered only by the blanket insurance. The rule in such case is that the loss on the property covered only by the blanket insurance is first apportioned to that insurance and the remainder of such blanket insurance then contributes with the specific insurance to pay the loss which both policies cover. This is known as the Cromie rule.

EXAMPLE

	Value	Loss	Insurance
A		$100	(x) 1000 } (y) 2000
B		500	
		$600	$3000

		B		A		Total	
		Ins.	Loss	Ins.	Loss	Ins.	Loss
(y)	(Blanket on A and B)	2000	500	1500	60.	2000	560
(x)	(Specific on A)			1000	40.	1000	40
				2500	100.	3000	600

Double Nonconcurrence

The term "double" or "compound nonconcurrence" is intended to include those cases where each of two or more items or classes of property is covered by specific insurance and such property is also within the cover of blanket insurance. There is no generally accepted rule for the apportionment of such nonconcurrences. The following rules are in use:

The Reading Rule. The blanket policy is divided among the several items of property in the ratio of their respective values.

EXAMPLE

	Value	Loss	Insurance
A	1000	100.	x 1000 } 2000 z
B	1000	500.	y 1000 }
C	2000		
	4000	600.	4000

	A		B		C		Total	
	Ins.	Loss	Ins.	Loss	Ins.	Loss	Ins.	Loss
x	1000	66.67					1000	66.67
y			1000	333.33			1000	333.33
z	500	33.33	500	166.67	1000		2000	200.00
	1500	100.00	1500	500.00	1000	nil	4000	600.00

Modified Reading Rule. (A) The blanket policy is divided among the several items of insurance *involved in loss* in the ratio of their respective values.

EXAMPLE

	Value	Loss	Insurance
A	1000	100.	x 1000 } 2000 z
B	1000	500.	y 1000 }
C	2000		
	4000	600.	4000

	A		B		Total	
	Ins.	Loss	Ins.	Loss	Ins.	Loss
x	1000	50.			1000	50.
y			1000	250.	1000	250.
z	1000	50.	1000	250.	2000	300.
	2000	100.	2000	500.	4000	600.

Modified Reading Rule. (B) The blanket policy is divided among all classes of property whether involved in loss or not so that as nearly as possible the ratio of insurance to value will be the same on each class as on all together.

EXAMPLE

	Value	Loss	Insurance
A	3000	100	w 1000 } 2000 z
B	3000	500	x 1000 }
C	4000	400	y 1000 }
	10000	1000	5000

	A		B		C		Total	
	Ins.	Loss	Ins.	Loss	Ins.	Loss	Ins.	Loss
w	1000	66.67					1000	66.67
x			1000	333.33			1000	333.33
y					1000	200	1000	200.00
z	500	33.33	500	166.67	1000	200	2000	400.00
	1500	100.00	1500	500.00	2000	400	5000	1000.00

The Albany Rule. Each item of specific insurance is given contribution from the face amount of the blanket policy. (This rule seems to be out of use, as it should be.)

EXAMPLE

	Value	Loss	Insurance
A	1000	100.	x 1000 } 2000 z
B	1000	500.	y 1000 }
C	2000		
	4000	600.	4000

	A		B		Total	
	Ins.	Loss	Ins.	Loss	Ins.	Loss
x	1000	33.33			1000	33.33
y			1000	166.67	1000	166.67
z	2000	66.67	2000	333.33	2000	400.00
	3000	100.00	3000	500.00	4000	600.00

The Finn, Griswold or Kinne Rule. The blanket policy is divided among the classes of property in the ratio of the respective losses.

EXAMPLE

	Value	Loss	Insurance
A	1000	100	x 1000 } z 2000
B	1000	500	y 1000 }
C	2000	400	w 1000 }
	4000	1000	5000

	A		B		C		Total	
	Ins.	Loss	Ins.	Loss	Ins.	Loss	Ins.	Loss
x	1000	83.33					1000	83.33
y			1000	250.00			1000	250.00
w					1000	222.22	1000	222.22
z	200	16.67	1000	250.00	800	177.78	2000	444.45
	1200	100.00	2000	500.00	1800	400.00	5000	1000.00

Gradual Reduction Rule. The blanket policy contributes first on its face amount with the insurance covering specifically on the item where the loss is greatest. Its remainder then contributes with the insurance on the item where the next greatest loss occurs, and so on until the loss on all items is apportioned or the blanket insurance is exhausted.

NOTE: Many of the men who have studied this question object to this rule because the blanket insurance contributes in the aggregate on an amount of insurance frequently much in excess of the amount of insurance for which the company received premium, and because it assigns a wholly disproportionate amount of loss to the blanket policy, which is often most nearly correct in form of all the policies on the risk. Furthermore, when certain forms of coinsurance clauses are on the policies, it is the rule most likely to be impossible of application.

EXAMPLE

	Value	Loss	Insurance
A		100.	x 1000 } 2000 z
B		500.	y 1000 }
		600.	4000

	B		A		Total	
	Ins.	Loss	Ins.	Loss	Ins.	Loss
x			1000.00	37.50	1000	37.50
y	1000	166.67			1000	166.67
z	2000	333.33	1666.67	62.50	2000	395.83
	3000	500.00	2666.67	100.00	4000	600.00

The Rice Rule. This rule is based on a division of the blanket insurance. The various steps followed are: The face amount of the blanket insurance is assigned to each specific item of insurance, and a total theoretical amount of insurance for each specific item is thus reached. The loss on each item is subtracted from the theoretical insurance on each item, and a theoretical overinsurance on each item thus obtained. The actual overinsurance in the aggregate is then divided in the proportions of the theoretical overinsurance, and the results obtained are added to the respective losses. The total insurance on each item is thus found, and the blanket insurance is divided so as to reach those totals. The loss is then apportioned.

EXAMPLE

	Value	Loss	Insurance
A	7931.54	4600.00	x 6000 } 2000 z
B	5552.00	4164.00	y 3000 }
	13483.54	8764.00	11000

	A Ins.	B Ins.	Total Insurance	Less Total Loss	Actual Overinsurance
x	6000		11000	8764	2236
y		3000			
z	2000	2000			
	8000	5000			
Loss	4600	4164			
Over Ins.	3400	836			

Theoretical Overinsurance

A	3400
B	836
Total	4236

Division of Overinsurance

A	3400/4236 × 2236 = 1794.71
B	836/4236 × 2236 = 441.29
	2236.00

A	4600	plus	1794.71	= 6394.71	Total contributing insurance.
B	4164	plus	441.29	= 4605.29	" " "
				11000.00	

Apportionment

	A		B		Total	
	Ins.	Loss	Ins.	Loss	Ins.	Pays
x	6000.00	4316.07			6000	4316.07
y			3000.00	2712.53	3000	2712.53
z	394.71	283.93	1605.29	1451.47	2000	1735.40
	6394.71	4600.00	4605.29	4164.00	11000	8764.00

Simplified Finn or Rice Rule. The blanket policy is so divided among all policies included in the loss that when possible, and as nearly as possible, the ratio of available insurance to loss will be the same on each class as on all together.

EXAMPLE

	Value	Loss	Insurance
A	3000	200	w 1000 }
B	3000	300	x 1500 } 1500 z
C	4000	500	y 2000 }
	10000	1000	6000

	A		B		C		Total	
	Ins.	Loss	Ins.	Loss	Ins.	Loss	Ins.	Loss
w	1000	166.67					1000	166.67
x			1500	250			1500	250.00
y					2000	333.33	2000	333.33
z	200	33.33	300	50	1000	166.67	1500	250.00
	1200	200.00	1800	300	3000	500.00	6000	1000.00

Limit of Liability Rule. In New York City the Committee on Losses and Adjustments uses what is known as the

Limit of Liability rule. The statement of this rule follows:

"The sound value of and loss on property insured by each class or kind of insurance having been determined, first find the limit of liability under each class or kind of insurance whether a single policy, or group covering concurrently. If there is any average or coinsurance clause operation this will determine the limit where it applies, if not, such limits will be determined either by the amount of the loss or the amount of the insurance, whichever is the smaller.

"Next, add the limits thus determined. If the sum is in excess of the whole adjusted loss, use this as a basis for a pro rata apportionment. If the sum of the limits of liability is less than the whole loss it is evident that payment by each company must be on the basis of its maximum individual limit of liability, on the principle that the greatest possible collectible loss is due the assured.

"If it should happen that the insurance (blanket and specific) on any certain group of items is charged with a payment in excess of the actual loss on the group, it is obvious that this excess over the actual loss must be reapportioned to the other insurance. Deduct the excess pro rata from one group, and add it pro rata to the other insurance. If this should result in charging any group of insurance with more than its limit of liability, the excess above the limit would have to be apportioned a third time to any groups having unexhausted limits of liability."

EXAMPLE

	Value	Loss	Insurance			
Building	34,860.00	14,624.00	17,000	A		
Stock	8,504.95	8,504.95	3,000	B	D	E
Machinery	19,287.72	8,050.00	9,000	C	16000	28000
	62,652.67	31,178.95			73,000	

90% Coinsurance Clause on A, D and E.
80% Coinsurance Clause on B and C.

		Limit of Liability
A	90% of 34860 = 31374. 17000/31374 × 14624 =	7924.01
B	Insurance is limit. Loss total to insurance	3000.00
C	80% of 19287.72 = 15430.17. 9000/15430.17 × 8050 =	4695.35
D	90% of 62652.67 = 56287.41. 16000/56287.41 × 31178 =	8847.06
E	Loss is limit 28000	16554.95
		41,021.37

	Limit of Liability	Loss
A	7924.01	6022.78
B	3000.00	2280.19
C	4695.35	3568.78
D	8847.06	6724.35
E	16554.95	12582.85
	41021.37	31178.95

It will be noted that B, C and E constitute all of the insurance covering contents and that the aggregate loss charged to those policies is $18,431.82, as follows:

B	2280.19
C	3568.78
E	12582.85
	18431.82

The whole amount of the stock and machinery loss as shown at the beginning of this statement is $16,554.95, so that the policies covering stock and machinery are overpaying the loss on that property by $1,876.87, as follows:

18,431.82
16,554.95
1,876.87

Following the rule this amount of $1,876.87 is deducted pro rata from B, C and E and added pro rata to A and D, as follows:

	Loss	Deduct	Add	Reapportionment
A	6022.78		886.74	6909.52
B	2280.19	232.19		2048.00
C	3568.78	363.28		6205.50
D	6724.35		990.13	7714.48
E	12582.85	1281.40		11301.45
	31178.95	1876.87	1876.87	31178.95

The Giesse Rule. First find the limit of liability of each class of insurance, under the average or coinsurance clause, and find the total of those limits (which will usually be somewhat greater than the aggregate loss) by adding them together; then find what each class would pay if it got the full benefit of its contribution clause, i.e., contribution from the face or full amount of all other insurance covering the whole or any part of the property which itself covers, and find the total of these amounts (which of course will be less than the aggregate loss) by adding them together. We thus find the most each class can be made to pay, and also the least it can possibly get off for. Add the several differences between these pairs of limits, find what proportion of that total the aggregate excess of the upper limits over aggregate

loss constitutes, and deduct that proportion of each of the differences from the respective upper limits, to find what each class of insurance shall pay to make up the loss.

EXAMPLE

	Value	Loss	Insurance
A	8065.72	3383.41	w 2250 }
B	3813.76	3604.01	} 5250 x }
C	1905.90	500.00	z 1750 } 2750 y
	13785.38	7487.42	12000

	80% Clause All Policies	Average Clause Limit	Contribution Clause Maximum
w	$\frac{2250}{80\% \text{ of } 8065.72} \times 3383.41 =$	1179.79	$\frac{2250}{7500} \times 3383.41 = 1015.03$
x	$\frac{5250}{80\% \text{ of } 11879.48} \times 6987.42 =$	3860.01	$\frac{5250}{10250} \times 6987.42 = 3578.92$
y	$\frac{2750}{80\% \text{ of } 5719.66} \times 4104.01 =$	2466.50	$\frac{2750}{9750} \times 4104.01 = 1157.54$
z	$\frac{1750}{80\% \text{ of } 1905.90} \times 500 = (573.87)$	500.00	$\frac{1750}{4500} \times 500. = 194.44$
		8006.30	5945.93
	Aggregate loss	7487.42	Aggregate loss 7487.42
	Excess	518.88	Shortage 1541.49

Shortage 1541.49
Excess 518.88

Sum of differences 2060.37

$518.88 excess of the aggregate of the upper limits over aggregate loss is 25.1837% of that sum ($2060.37).

Average Clause Limit	Contribution Clause Minimum	Difference Between Limits
1179.79	1015.03	164.76
3860.01	3578.92	281.09
2466.50	1157.54	1308.96
500.00	194.44	305.56
8006.30	5945.93	2060.37

Difference Between Limits				Application of Excess
164.76	×	25.1837	=	41.49
281.09	×	25.1837	=	70.79
1308.96	×	25.1837	=	329.65
305.56	×	25.1837	=	76.95
2060.37				518.88

	Average Clause Limits	Excess to be Deducted	Amount of Loss Applying to Each Class of Insurance
w	1179.79	41.49	1138.30
x	3860.01	70.79	3789.22
y	2466.50	329.65	2136.85
z	500.00	76.95	423.05
Total	8006.30	518.88	7487.42

Apportionment

w	Ins. 2250			
	Average Clause	Limit	1179.79	
	Less excess as	above	41.49	
		Loss		1138.30
x	Ins. 5250			
	Average Clause	Limit	3860.01	
	Less excess as	above	70.79	
		Loss		3789.22
y	Ins. 2750			
	Average Clause	Limit	2466.50	
	Less excess as	above	329.65	
		Loss		2136.85
z	Ins. 1750			
	Average Clause	Limit	500.00	
	Less excess as	above	76.95	
		Loss		423.05
		Total		7487.42

The Morristown Rule. This rule starts each policy at its lower limit as found by the Giesse rule, and then distributes to each, pro rata, the loss remaining unpaid, if necessary, until each reaches its coinsurance clause limit.

EXAMPLE

	Value	Loss	Insurance
A	8065.72	3383.41	w 2250 }
B	3813.76	3604.01	} x 5250
C	1905.90	500.00	z 1750 y 2750
	13785.38	7487.42	12000

All policies subject to 80% Average Clause.

	Contribution Clause Minimum	Average Clause Limit
w	$\frac{2250}{7500} \times 3383.41 = 1015.03$	$\frac{2250}{80\% \text{ of } 8065.72} \times 3383.41 = 1179.79$
x	$\frac{5250}{10250} \times 6987.42 = 3578.92$	$\frac{5250}{80\% \text{ of } 11879.48} \times 6987.42 = 3860.01$
y	$\frac{2750}{9750} \times 4104.01 = 1157.54$	$\frac{2750}{80\% \text{ of } 5719.66} \times 4104.01 = 2466.50$
z	$\frac{1750}{4500} \times 500.00 = 194.44$	$\frac{1750}{80\% \text{ of } 1905.90} \times 500.00 = 500.00$
	5945.93	8006.30
	Aggregate Loss 7487.42	
	1541.49	

	Contribution Clause Minimum	Deficit	Sum of Contribution Clause Minimum and Excess
w	1015.03	263.15	1278.18
x	3578.92	927.84	4506.76
y	1157.54	300.09	1457.63
z	194.44	50.41	244.85
	5945.93	1541.49	7487.42

	Sum of Contribution Clause Minimum and Deficit	Coinsurance Clause Limits	Excess Over Coinsurance Limits
w	1278.18	1179.79	98.39
x	4506.76	3860.01	646.75
y	1457.63	2466.50	
z	244.85	500.00	
	7487.42	8006.30	745.14

It will be noted that the amount apportioned to "w" and "x" exceed the coinsurance limits, and a reapportionment of the excess is necessary, as follows:

	Apportionment of Excess		Total
y	1457.63	637.97	2095.60
z	244.85	107.17	352.02
	1702.48	745.14	2447.62

Final Apportionment

	Insures			Pays	
w	2250			1179.79	Coins. Limit
x	5250			3860.01	Coins. Limit
y	2750	Plus Excess above	1457.63 637.97	2095.60	
z	1750	Plus Excess above	244.85 107.17	352.02	
		Total		7487.42	

It will be seen from the foregoing that the most noticeable development in rules for apportionment of noncurrent insurance has been the increasing use of the coinsurance or average clause limit as an important factor in solving the problem. Before such causes came into general use there were but two limits on a company's liability, namely (a) the amount of the insurance and (b) the amount of the loss; but the limit reached by the operation of the coinsurance or average clause is of equal force—hence the development is a natural one in connection with nonconcurrences involving policies containing such a clause.

The National Board of Fire Underwriters has adopted certain definite rules for apportioning non-concurrent insurance and has recommended to its member companies that said rules be used in such cases from February 15, 1934. The recommendation is as follows:

We recommend the approval of four rules: the Page Rule; the Cromie Rule; the Kinne Rule and the Limit of Liability Rule; the facts and conditions present in each case to determine which of these rules is to be used. The rule to be used shall be determined in accordance with the following directions:

CLASS A

When no coinsurance, reduced rate contribution or average clause is present in any policy involved or when the application of such clause or clauses, if present, does not reduce the collectible loss under any policy:

THE PAGE RULE (see page 101) shall be used when there is specific insurance on certain property and blanket insurance covering that property and also other property, and loss involves only property covered by the specific insurance.

THE CROMIE RULE (see page 101) shall be used when there is specific insurance on certain property and blanket insurance covering that property and also other property, and loss involves property covered by the specific insurance and also other property included in the cover of the blanket insurance.

THE KINNE RULE (see page 103) shall be used for all other non-concurrencies in this class.

CLASS B

When any or all policies are subject to coinsurance, reduced rate contribution or average clauses and when the application of such clause or clauses reduces the collectible loss under any or all policies:

THE LIMIT OF LIABILITY RULE (see page 105) shall be used for all types of non-concurrence in this class.

Note: While Coinsurance, Reduced Rate Contribution and Average Clauses are intended for the same general purpose, the application of a Coinsurance Clause—i. e., a clause which provides, in effect, that the insured shall carry a stipulated amount of insurance and upon failure so to do shall be a coinsurer for the deficit—often operates, in the event of non-concurrence, in a manner wholly different from a Reduced Rate Contribution or Average Clause. Our recommendation is made knowing that in certain situations the result may seem unusual.

Realizing that questions may arise in interpreting or applying the recommended rules and that there may be apportionment questions growing out of excess, exclusion, and other types of clauses to which the recommended rules do not specifically apply, we recommend that members refer such questions to the Committee on Adjustments for decision; and we further recommend that the Committee on Adjustments be requested to appoint a standing sub-committee of general adjusters for the consideration of such questions.

*Example of Apportionment of Insurance under Kinne Rule**

FACTS

	Insurance
Company A, general merchandise	$ 5,000
Company B, general merchandise	6,000
Company C, boots and shoes	2,500
teas and coffees	3,000
hardware	2,000
Total insurance	$18,500
Losses, boots and shoes	$ 3,000
teas and coffees	4,000
hardware	8,000
Total loss	$15,000

FIRST APPORTIONMENT OF INSURANCE

Company	Boots and Shoes	Teas and Coffees	Hardware
A	$1,000 (3/15 of $5,000)	$1,333.33 (4/15 of $5,000)	$2,666.67 (8/15 of $5,000)
B	$1,200 (3/15 of $6,000)	$1,600.00 (4/15 of $6,000)	$3,200.00 (8/15 of $6,000)
C	$2,500 (specific)	$3,000.00 (specific)	$2,000.00 (specific)
Totals	$4,700	$5,933.33	$7,866.67 (insufficient)

Deficiency on Hardware=$133.33 ($8,000—$7,866.67)

$60.60 (5/11 of $133.33) to be secured from A as follows:
$ 25.97 (3/7 of $60.60) from boots and shoes
$ 34.63 (4/7 of $60.60) from teas and coffees

$72.73 (6/11 of $133.33) to be secured from B as follows:
$ 31.17 (3/7 of $72.73) from boots and shoes
$ 41.56 (4/7 of $72.73) from teas and coffees

*Thornton, A. W., "Apportionments under Non-concurrent Policies and Exemplification of the Kinne Rule." Annual Report of the Proceedings of the Fire Insurance Society of San Francisco, 1910-1911, Problem 7, Page 11.

REAPPORTIONMENT OF INSURANCE

Company	Boots and Shoes	Teas and Coffees	Hardware
A	$974.03 ($1,000—$25.97)	$1,298.70 ($1,333.33—$34.63)	$2,727.27 ($2,666.67 and $60.60)
B	$1,168.83 ($1,200—$31.17)	$1,558.44 ($1,600—$41.56)	$3,272.73 ($3,200 and $72.73)
C	$2,500.00	$3,000.00	$2,000.00
Totals	$4,642.86	$5,857.14	$8,000.00

FINAL APPORTIONMENT

	Boots and Shoes		Teas and Coffees		Hardware		Totals	
Company	Loss $3,000		Loss $4,000		Loss $8,000		Loss $15,000	
	Insures	Pays	Insures	Pays	Insures and Pays		Insures	Pays
A	$ 974.03	$ 629.37	$1,298.70	$ 886.92	$2,727.27		$5,000	$4,243.56
B	1,168.83	755.24	1,558.44	1,064.30	3,272.73		6,000	5,092.27
C	2,500.00	1,615.39	3,000.00	2,048.78	2,000.00		7,500	5,664.17
	$4,642.86	$3,000.00	$5,857.14	$4,000.00	$8,000.00		$18,500	$15,000.00

CHAPTER VIII

THE POLICY CONTRACT

(Old and New New York Standard)

INDEMNITY—INSURABLE INTERESTS—UNIVERSAL CONTRACT—LOSS BY FIRE—CASH VALUE—REPAIR OR REPLACE—SALVAGE—CONCEALMENT OR MISREPRESENTATION—INTEREST NOT TRULY STATED—POLICY VOID—CEASE OPERATIONS—HAZARD INCREASED—INTEREST NOT SOLE AND UNCONDITIONAL—VACANCY AND UNOCCUPANCY—APPLICATION A WARRANTY—DUTY OF INSURED—IN CASE OF FIRE—IN CASE OF LOSS—PROOF OF LOSS—PLANS AND SPECIFICATIONS—MAGISTRATE'S CERTIFICATE—EXHIBIT REMAINDER—PRODUCE BOOKS AND VOUCHERS—APPRAISAL—CONTRIBUTION—SUBROGATION.

The policy of fire insurance is one of the most important and universal contracts in the world, and in the fire insurance business it is of the most vital importance, since it constitutes the visible and tangible evidence of the goods sold; the bridge between company and its insured; the charter of their respective rights and privileges and the rock of safety or of wreck in their mutual relations. Even the simplest and clearest language may be interpreted in more than one way, hence it is not strange that opinions differ regarding portions of the standard policy.

There are a few fundamental facts that it is well to bear in mind in considering this subject.

Personal Contract. A policy of fire insurance is a personal contract of indemnity. It does not insure property. It insures the owner of property against loss thereof by fire. It does not agree to pay a stated sum in case of fire, but to reimburse the insured, in whole or in part, for a loss occasioned by fire damaging or destroying the particular property specified in the policy. The amount for which a policy is written is the *limit*, not the *measure* of loss payable thereunder. The policy by its terms provides in case of fire for the payment of the "actual cash value of the property damaged or destroyed with proper deduction for depreciation how-

ever caused." It does not contemplate that the insured shall profit by the occurrence of a fire. Consequential damage is not covered, such as loss of trade, inability to use the building, etc., unless liability for such damage has been specifically assumed, which is usually done if at all under a separate contract.

Indemnity Only. The policy being a contract for indemnity only, if fire occurs and the insured loses nothing, then he has no claim. It follows, therefore, that there must be an insurable interest in order to sustain a valid claim.

Insurable Interest. Generally speaking, if in given property one has a tangible interest of recognizable value, which fire can destroy or impair, then he has an insurable interest which may be separately covered under a properly drawn form of policy.

It does not necessarily involve ownership of the property itself, but may be any direct financial interest in property whereby destruction of the latter will cause a loss either of profit, possession and use, security or other benefits which depend on its continued existence.

Realty. The interests in realty most frequently covered by fire insurance are those of the owner and mortgagee, and, in such case, the policy is usually written in the name of the owner, with loss, if any, payable to the mortgagee. There are, however, many interests which may be the subject of specific insurance by the owners thereof and among them may be mentioned the following:

The building.	A reversionary interest.
The rents.	Use and Occupancy.
The rental value.	Improvements.
Advanced rents.	Mortgagee interest.
Ground rents.	Guarantor's interest.
Leasehold interest.	Lienor's interest.
A fractional interest.	Contractor's interest.
A life interest.	Vendor under contract.*
An undivided interest.	Vendee under contract.*

Liability for repairs or restoration.

Various contingent liabilities, for example, failure of owner to maintain insurance to protect the mortgagee.

*The vendor in possession is considered the owner of property, but if the vendee comes into *possession*, then he is considered the owner.

These may be insured against loss by fire or lightning, or by tornado; and there are other special insurable interests which may be covered in certain cases.

Personalty. The interests in personal property commonly covered by fire insurance are those of the owners, part owners, or joint owners, the policies being written in their names. There are a variety of subjects of insurance which may be separately covered. Among these may be mentioned:

The property itself, such as machinery, stock, fixtures, furnishings, materials, tools and supplies, patterns, drawings, dies, household furniture, collections, personal effects, etc.

Property held in trust or on commission or consignment or on joint account or sold but not removed, and in general any liability for property belonging in whole or in part to others.

Labor performed and materials expended on property of others.

Profits or commissions on property sold, or held for sale, or which would have been available for sale but for the fire.

Interest and/or liability of pawnbrokers, warehousemen, wharfingers, common carriers, judgment creditors, lienors, lessors or patentees.

Property in the hands of courts, sheriffs, receivers, trustees and others similar.

Chattel mortgage interest is usually uninsurable as such, though loss, if any, under a policy is often *made payable* to a chattel mortgagee. Many companies make a distinction between purchase money mortgages and other kinds, the former being regarded more favorably.

The interest of a bank or loaner of money on personal property is not usually insured separately, but loss, if any, under the policy is often made payable to a bank or lender as giving additional security.

Universal Contract. It seems proper to call attention to the fact that the fire insurance policy is a contract for use in covering any of the different classes of property and interests that are in existence and insurable, and that the necessity or desirability of having but one standard form of policy for all classes requires the inclusion of clauses which are not always applicable to every risk insured. Some apply to realty only, some to personalty only, others to both. The language used is

in the endeavor to fit the policy to whichever or whatever class of property is the subject of insurance.

Again, all classes and kinds of people are insured, and many of the restrictions and conditions are intended for use and safeguard against the unfair or dishonest claimant, who seeks that to which he is not in equity entitled. By far the great majority of losses are adjusted and paid amicably and satisfactorily to all concerned; but where an improper claim is made the company needs the protection of every condition, for it is always at a serious disadvantage with the insured, who knows the facts which the company can only suspect or surmise, and that it can learn only by invoking the aid of the policy conditions.

What may be termed the "old" New York Standard policy was established by law in 1886 and has served as a model for most of the fire insurance policies in use in the various States of the United States. Almost every line of it has been adjudicated.

The "new" New York Standard policy was made effective as of January 1, 1918, and only a few of its conditions have been interpreted by the courts.

It would be manifestly impossible within this small compass to give adequate treatment of the various provisions, but a brief review and comparison of those which most come in question in agency work may serve as a guide to those who have not made a study of the subject.

LOSS BY FIRE

*"Does insure * * * against all direct loss or damage by fire."* Two conditions will be noted in the foregoing language, namely, that the loss shall be "direct" and that it shall be caused "by fire," and this language is used both in the old and the new standard policy.

Direct Loss. The word "direct" here has the meaning of *proximate*. The fire itself, or those things which are an accompaniment of a fire, must be the actual cause of the loss. Thus damage caused by heat or smoke from a hostile fire, or by firemen endeavoring to extinguish the flames, or by rain or other of the elements as the result of a fire, are all covered by the policy and constitute a proper claim thereunder. On

the other hand: Loss of trade, or of use of building, or of leasehold interest, or of rents, are not covered (unless liability is specifically assumed), for such are held to be indirect, not direct losses.

What Is Fire. One of the federal courts in defining fire, as meant in an insurance policy, said, "Fire is oxidation which is so rapid as to produce flame or glow. Fire is always caused by combustion, but combustion does not always cause fire. No definition of fire can be found that does not include the idea of visible heat or light, and this is also the popular meaning of the word."

Friendly and Hostile Fires. Fires are commonly divided into two classes: "Friendly" and "Hostile." By a friendly fire is meant one that is confined to the place where it is intended to be, such as in a lamp, gas jet, stove, fireplace, furnace, etc., and any damage done by such a fire so confined, or by smoke, heat or soot therefrom, is not intended to be covered by a fire policy unless liability therefor has been specifically assumed (see smoke damage). If, however, fire escapes from its proper confines and causes ignition, so much as is outside its intended limits is a hostile fire. Such a fire is presumed to be an accident, and a hostile or accidental fire is what is contemplated in the policy cover. As illustrative: If a lace curtain ignites from a gas jet, or combustible material catches fire from contact with a stove, the losses caused thereby to such material and to other property are covered. But loss caused by heat, steam, smoke or soot escaping from their proper places is not covered, such, for example, as smoke from a lamp or register, or steam from a broken pipe, unless liability has been specifically assumed (see supplemental covers). An explosion is not to be considered a fire as contemplated in the policy and damage by explosion is not covered unless such explosion is the result of a hostile fire, although it may be covered by an explosion policy or rider.

An eminent adjuster gives the following definition of loss by fire:

> "Within the meaning of an ordinary policy of insurance the word 'fire' must be construed in its ordinary popular sense, and not be given such technical or re-

stricted meaning as might be applied to it upon scientific analysis. There must be something besides mere combustion; the element of flame or glow must be present. The fire must be without intent on the part of the insured or his responsible agent to injure the property; it must be accidental with respect to the insured. If intentionally kindled for a useful purpose in a place specially designed or provided, the fire does not change its character because the flame extends unusually high, or the heat becomes excessive, or smoke escapes therefrom and causes damage. The fire must be hostile as distinguished from what is universally regarded as friendly, and it must be the proximate and not the remote cause of the loss.

"If a hostile fire causes an explosion, the fire is held to be the efficient cause of the whole loss which ensues in the premises where it originates when its effects are produced in direct sequence, though one of the incidents of the sequence may be an explosion, on the theory that it could not have been intended to nullify such predominant cause by the explosion exemption provision.

"If, as the result of a hostile fire the concussion of the air causes damage to neighboring property, the explosion or concussion, and not the fire, is held to be the proximate cause of the loss. If a friendly fire causes an explosion, none of the damage resulting can be regarded as a loss by fire." (Bament, "What is a Fire Loss," Ins. Soc. of N. Y.)

The new standard policy also assumes direct loss or damage "by removal from premises endangered by fire," which was assumed in somewhat different terms under the old standard (see lines 60-66). Both policies extend their cover, though in different languages, "pro rata for five days at each proper place to which any of the property shall necessarily be removed for preservation from fire." This provision has the same effect as the distribution clause (see index).

CASH VALUE

Old N. Y. Standard. *"This company shall not be liable beyond the actual cash value of the property at the time any loss or damage occurs, and the loss or damage shall be ascertained or estimated according to such actual cash value, with proper deduction for depreciation however caused, and shall in no event exceed what it would then cost the insured to repair or replace the same with material of like kind and quality;" "Nor, beyond the actual value destroyed by fire, for loss occasioned by ordinance or law regulating construction or repair of buildings, or by interruption of business, manufacturing processes, or otherwise;"*

New N. Y. Standard. The company insures

"To the extent of the actual cash value (ascertained with proper deductions for depreciation) of the property at the time of loss or damage, but not exceeding the amount which it would cost to repair or replace the same with material of like kind and quality within a reasonable time after such loss or damage, without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair and without compensation for loss resulting from interruption of business or manufacture."

It will be noted that the old form provided that loss was limited to what it would "then" cost, meaning at date of fire. The new policy provides the limit of cost "within a reasonable time," a more flexible condition.

Sound Value. To give a definition of "actual cash value" which could be applied to every case presented would be as difficult a task as to devise one schedule for rating all classes of risks. Value depends on so many things and such a variety of conditions that it seems impracticable to do more than throw some side lights on the methods in practice for its determination. This is attempted because of the necessity of understanding how to approximate the actual cash value (often termed sound value) in order to decide the amount of insurance to be carried, particularly where the coinsurance or average clause is made a part of the contract.

Cost of Replacement. The language of the policy itself endeavors to make this subject clear, for it first refers to actual cash value, then states that depreciation must be con-

sidered, and finally contains the condition that the value shall never exceed the cost of repair or replacement. Since the contract is one of indemnity for direct loss, it is clear that the actual cash value should never be considered greater than the amount which will make good to the insured, without gain and without consideration of sentiment, or affection, that which has been destroyed, and shall not include indirect or consequential loss unless liability for such loss is specifically assumed or covered by the policy; also, that the same measure should be used in determining the value of property undamaged and the value of property damaged or destroyed.

In the case of manufactured goods, actual cash value is usually cost of reproduction at the factory; in other cases it is replacement cost less depreciation. It is not contemplated that old shall be replaced with new, for that would mean pecuniary gain to the insured; nor that property depreciated in value from whatever cause shall be considered worth the cost of restoration: Neither is the value to be fixed at what a junk shop or second-hand dealer would give, nor what it would bring at forced sale. What one pays for property does not necessarily fix its value, for the insured is entitled to the benefit of a bargain, and declines or advances in values from whatever cause are factors to be considered.

Market Value. Actual cash value is sometimes construed as the equivalent of market value at the time and place of fire; losses on whiskey in bond, finished leather, grain, sugar and other commodities, which have a ready sale and recognized daily market value, are almost always settled on the basis of the market value on the date of the fire, with proper deductions for the cost, if any, of getting them to market. This is sometimes more than cost to the policyholder and sometimes less and is held to be actual indemnity. The practice of making such settlements in the case of certain commodities is not to be taken as a precedent for others, nor should it be confused with the general practice of prohibiting the use of what are known as market value clauses. These, if used in a general way, would provide indemnity for both cost and profit, which should be two distinct subjects of insurance. Market value and selling value are not necessarily synonymous. There is an essential difference between market value of wheat, fluctuating from day to day up or down, which may

mean that the owner has a profit or loss in relation to the cost to him, and the selling value of factory goods or retail commodities, which must be presumed always to show a profit over cost. Hence, market value clauses, which might be termed selling price clauses, if indiscriminately applied, would destroy the principle that the physical goods constitute a separate and insurable interest and that profits to be derived from their sale constitute another separate and insurable interest, each of which should be separately and specifically insured, since they involve different elements which should be reflected in the rate as well as in the form of contract.

Realty. Building values are quite generally determined by ascertaining the cost of replacement and deducting depreciation properly chargeable on the building damaged or destroyed. If justified by the extent of the loss it is proper to add an allowance for architects' fees and the cost of removing debris caused by fire. If the original cost is taken then increases or decreases in the cost of materials and labor are to be considered. Commercial depreciation is often taken into account as in the case of a building not suitable to its location or to the purpose for which it is erected. Builders, associations and boards of trade from time to time have tried to formulate some plan of percentage reduction according to age that would be acceptable as an average, but so many factors other than age enter into the question that no such table has proven satisfactory, hence the judgment of a competent builder, or agreement between owner and adjuster, usually prevails. In case of partial losses to buildings it would seem that the same depreciation should be deducted from cost of repair in arriving at the insurance loss as from replacement in arriving at sound value, but as a practical matter this does not always obtain. A building is not necessarily of any greater value because some portion of it has been rebuilt with new material, hence the companies frequently allow the entire cost of repairs. But in the case of plastering, painting and roofing depreciation is often deducted, because such elements of a building have a more or less well defined life and new plaster, paint or roofing really add to the value. In some States having valued policy laws, the amount of insurance on the building is considered to be its value, and this

is generally true of all property insured under a valued form of policy, providing the property burned is actually that which is described in such policy. (See "Depreciation.")

Personalty. The value of machinery and fixtures in use is usually determined by the net cash market cost of replacement, less depreciation on account of age and condition, which in the case of articles that are out-of-date, old-fashioned, etc., would be very heavy. On the other hand, the value of a stock of machinery in the manufacturer's hands would ordinarily be the cost of reconstruction, and in a dealer's hands the cost of replacement. With all stocks of goods the net cash market value of new goods of like kind and quality, after deducting depreciation for age, salability, change of fashion, shopworn condition, etc., is usually considered to be the value.

Household Furniture. One of the most troublesome classes of personal property on which to fix the actual cash value is the contents of a dwelling house. It is evident that certain furniture depreciates slowly, some little, if any, and some actually appreciates in value, such as genuine antiques, some good pictures and fine rugs. Other articles depreciate in value rapidly, such as hangings, carpets, linen and clothing, especially women's dresses and hats. One experienced adjuster gives it as his opinion that with the average household a fair valuation of all clothing is 50 per cent of the original cash cost price; some things are new, some half-worn, some practically valueless, and his thought is that by and large this figure strikes the happy medium which is equitable.

Replacement. Cost to replace does not necessarily mean instanter, but may mean within a reasonable time, and it should always be borne in mind that when figuring cost of replacement the lowest cash price is to be taken, for the reason that the insured when paid his loss has the cash in hand with which to obtain all the discounts possible.

REPAIR OR REPLACE

Old N. Y. Standard. *"It shall be optional, however, with this company to take all, or any part, of the articles at such ascertained or appraised value, and also to repair, rebuild, or replace the property lost or damaged with other of like kind and quality within a reasonable time on giving notice, within thirty days after the receipt of the proof herein required, of its intention so to do; but there can be no abandonment to this company of the property described."*

The New New York Standard policy condition is almost identical in form with the above (see lines 176-184).

It is not customary for a company to exercise its right to repair, rebuild or replace property damaged or destroyed. Occasionally, buildings in the larger cities are repaired or rebuilt and when the work is done it is customary, and indeed, necessary, for the company to require the contractor to obtain from the insured a satisfaction piece, so-called, that is, a signed statement stating therein that the work done is satisfactory or is acceptable.

Occasionally, the value of a stock is agreed upon and the salvage then sold "for account of whom it may concern," the money received, less expenses, going to the insured and the companies making up the remainder of such loss as is due under the conditions of the policies. Again the companies may pay to the insured the entire sound value and take the salvage to be sold for their account. Either action is, however, optional with the companies, for the insured can not insist on anything but the amount of the actual loss, and must himself handle or be responsible for the salvage, if any, unless the companies elect otherwise, for "there can be no abandonment to this company of the property described." (See also Duty of Insured in Case of Loss.)

"THIS ENTIRE POLICY SHALL BE VOID

Old N. Y. Standard. *If the insured has concealed or misrepresented, in writing or otherwise, any material fact or circumstance concerning this insurance or the subject thereof; or if the interest of the insured in the property be not truly stated herein; or in case of any fraud or false swearing by the insured touching any matter relating to this insurance or the subject thereof, whether before or after a loss."*

The New N. Y. Standard policy is identical except that it omits the words "in writing or otherwise" and "or if the

interest of the insured in the property be not truly stated herein," it being considered that both of these are covered under other provisions.

The provision regarding concealment is construed to mean a willful, intentional concealment or misrepresentation, and "material" to mean in this sense substantial or important, as distinguished from trivial. Likewise fraud or false swearing must be material, not trivial, to avoid the policy.

The provision regarding interest truly stated means in general if the interest be *untruly* stated. For example, the policy is void if the interest is stated to be that of sole and unconditional owner, and it develops that the interest is that of guardian or trustee only.

Both the old and the new standard policies specify certain kinds of property which cannot be covered at all under any circumstances, viz.: "accounts, bills, currency, deeds, evidences of debt, money, notes, or securities." The standard policy of certain other States is more liberal.

They also specify certain kinds of property which are not covered unless liability is specifically assumed, the language being as follows:

Old Standard. *"Nor, unless liability is specifically assumed hereon, for loss to awnings, bullion, casts, curiosities, drawings, dies, implements, jewels, manuscripts, medals, models, patterns, pictures, scientific apparatus, signs, store or office furniture and fixtures, sculpture, tools, or property held on storage or for repairs."*

New Standard. *"Nor unless specifically named hereon in writing, bullion, manuscripts, mechanical drawings, dies or patterns. "*

It will be noted that the new standard is much broader in its cover than the old, having narrowed the list of kinds of property not covered unless specifically named to those which experience shows are of such a nature as to require special cover or provision. The value of bullion, manuscripts, drawings, dies and patterns is of such uncertain nature that it is preferable for both insured and company to have some special understanding regarding their cover rather than to bring them under the general cover of the policy, especially where coinsurance conditions prevail.

We now come to a very important difference between the old and the new standard policies. Under the old standard the policy was rendered void by a violation of any one of fourteen conditions, which under the new standard are reduced to five, the others rendering the policy void *only during* the violation, and automatically reinstating it when the violation ceases.

The Old Standard policy reads:

"THIS ENTIRE POLICY *UNLESS OTHERWISE PROVIDED BY AGREEMENT INDORSED HEREON OR ADDED HERETO* SHALL BE VOID * *

The New Standard policy reads:

"THIS ENTIRE POLICY SHALL BE VOID, UNLESS OTHERWISE PROVIDED BY AGREEMENT IN WRITING ADDED HERETO."

The five conditions which are identical in substance are as follows:

"* * *if the interest of the insured be other than unconditional and sole ownership."* This requires that the interest be clearly set forth. It does not mean that the building or personal property at No. 24 John Street must be owned by the insured, but if he does not own it solely and unconditionally then the policy must state what his interest is therein, such as a half interest or trustee interest, etc. One method of stating the insured's interest is to use the general phrase "as interest may appear," which broad clause will cover his interest of whatever name or nature.

The following may be cited as examples of conditions, each of which effects a change in ownership that avoids the policy:

(a) Sale of the property.
(b) An assignment for the benefit of creditors.
(c) The appointment of a trustee in bankruptcy; though the appointment of a receiver in bankruptcy is not usually considered a change of ownership.
(d) If a co-partnership takes in a new partner, but not if instead one retires.
(e) Contract of sale where vendee is given or takes possession.

Contracts of Sale. An executory contract of sale, without change of possession, is not a breach of the policy conditions referring to change of "interest, title or possession." Loss will usually fall on the vendor if a building is damaged by fire between the making of the customary contract of sale and the delivery of the deed.

On the other hand, if the vendee under such a contract is let into possession, there is a breach of condition. A well-known authority states, "the test is said to be whether the vendor has parted with absolute control and dominion over the subject of insurance, and where a formal delivery of the deed is delayed for convenience only, such a vendee becomes an equitable owner and liable for any loss; and the vendor in such case cannot enforce his insurance because there has been a change of title or possession." (See *.)

Where the interests of both parties to a contract of sale of realty are to be protected under the same fire insurance policy, there are two methods which may be chosen:

First. To write the policy in the names of the vendor and the vendee, as interest may appear.

Second. To write the policy in the name of the one in possession, whether vendor or vendee, with loss payable to the other party to the contract, as interest may appear.

One reason for this general condition is to prevent an insured from collecting on the basis of entire value of property when he is in fact only a part owner and therefore only a part loser in case of its destruction.

"If the subject of insurance be a building on ground not owned by the insured in fee simple;"

In such cases the insured might be tempted to permit a destruction of the building in order to collect the value thereof from the insurance before the property passed from his possession. Under this provision a policy on building standing on leased land is void "unless otherwise provided."

*"If with the knowledge of the insured foreclosure proceedings be commenced or notice given of sale of any property * * * by reason of any mortgage or trust deed;"*

Such action tends to increase the possibility of moral hazard

*Edgar J. Nathan, "OWNERSHIP": Insurance Society of New York.

for obvious reasons and introduces a new and material interest and condition of which the insurance company is entitled to have notice.

"If any change, other than by the death of an insured, takes place in the interest, title or possession of the subject of insurance (except change of occupants without increase of hazard)."

Such a change brings a different condition that may affect the desirability of the risk and affect the contract as a whole (see remarks under "sole and unconditional ownership").

"If this policy be assigned before a loss."

This would change the most essential feature of the contract, which is a personal one. If permitted without notice to or consent of the company it would have no opportunity to select the parties holding its policy contract or to pass upon their reliability.

The remaining conditions which are grouped under the general heading voiding the policy in the old standard, are, in the new standard policy grouped under the following heading:

"UNLESS OTHERWISE PROVIDED BY AGREEMENT IN WRITING ADDED HERETO THIS COMPANY SHALL NOT BE LIABLE FOR LOSS OR DAMAGE OCCURRING."

"(a) While the insured shall have any other contract of insurance, whether valid or not, on property covered in whole or in part by this policy;"

(Compare with lines 11-13, old standard.)

In many cases companies are willing to insure only when the amount of total insurance carried is limited, hence the necessity of this provision.

"(b) While the hazard is increased by any means within the control or knowledge of the insured."

(Compare with lines 14-15, old standard.)

Hazard Increased. It is the assumption that the rate at which a policy is issued is based on the conditions existing at the time of issuance, and upon their continuance during the life of the policy in practically unchanged form, and that it is

inequitable to continue a contract covering increased hazards without the consent of the company and a consideration satisfactory to it. Authorities generally hold it is not intended that an incidental, temporary increase of hazard shall void the policy, but that a change in the premises or their use or exposure must be more or less permanent in character, or continued for a period of time that cannot be considered as merely temporary, before same is voided. The use of a tin chimney while a brick chimney was being erected or repaired would be a temporary increase of hazard that would not void the policy. The increase **must be material,** not merely trivial, and be of relative importance, and as such may be within the premises or adjacent thereto. The installation of a power wood-sawing machine in a store or the erection of a planing mill a few feet distant would be a material increase of hazard; but sawing wood with a buck saw or building a dwelling 10 feet distant, would not usually be considered a material increase. The insured should promptly notify the company when an increase of hazard comes to his knowledge; by "promptly" is meant within a reasonable time or without undue delay.

Physical or Moral. The policy specifies a number of things which are presumed to increase the hazard either from a physical or moral standpoint, and this may be noted by reading the entire paragraphs of which the foregoing quotations are a portion. It is manifestly implied by these specified things which are presumed to increase the hazard and thus void the policy that the general phrase "increase of hazard" refers also to things other than physical, and courts have held that an increase in moral hazard, or what might be termed personal hazard, known to the insured and not reported to the company voided the policy. One such case was where enemies had threatened to burn all of a man's property, having already set fire to one of his buildings. This seems an extreme case, and, generally speaking, it is the physical hazard that is thought of in connection with this general term.

An insured is usually considered responsible for the acts of his duly authorized agent; therefore knowledge coming to such agent while acting within the scope of his authorized work is considered knowledge on the part of the insured.

It should be borne in mind that the old standard policy is voided by breach of this condition, while under the new standard the company is not liable during the breach. The foregoing remarks apply to either form.

"(c) While mechanics are employed in building, altering or repairing the described premises beyond a period of fifteen days;"

(Compare with lines 15-16, old standard.)

This provision is necessary because in many cases where mechanics are employed for longer than 15 days the resulting increase of hazard requires an extra premium in order to compensate the company for the extra risk.

"(d) While illuminating gas or vapor is generated on the described premises; or while (any usage or custom to the contrary notwithstanding) there is kept, used or allowed on the described premises fireworks, greek fire, phosphorus, explosives, benzine, gasoline, naphtha or any other petroleum product of greater inflammability than kerosene oil, gunpowder exceeding twenty-five pounds, or kerosene oil exceeding five barrels;"

(Compare with lines 22-28, old standard.)

This provision is proper because of the marked increase of hazard resulting from their presence in a risk.

"(e) If the subject of insurance be a manufacturing establishment while operated in whole or in part between the hours of ten P.M. and five A.M., or while it ceases to be operated beyond a period of ten days;"

(Compare with lines 13-14, old standard.)

Cease Operations. The question is often asked, if a factory is not operating on the date a policy takes effect and so continues for more than ten days, is the policy thereby rendered void? From the wording of this condition it is clear that the policy is void under the old N. Y. Standard only when operations cease subsequent to the date when policy takes effect, but the policy may be voided in such case because of the concealment of a material fact. Under the new standard the company would not be liable under the conditions shown in caption. Hence, for safety a permit should be attached.

Privilege to "cease operations" in such case would be technically ineffective, for being already idle it cannot cease operations. For this reason the permit is often worded,

"Privilege granted to cease operations or to remain idle for a period of not exceeding ..... days at any one time."

"Cease to be operated" is usually defined as a condition where the factory is not producing goods. A manufacturing plant is not usually in operation when merely the office force and shipping department are at work, or workmen are busy making repairs. A plant has "ceased operations" when it is "shut down" as that phrase is commonly used by manufacturers.

"(*f*) *While a described building, whether intended for occupancy by owner or tenant, is vacant or unoccupied beyond a period of ten days;*"

(Compare with lines 28-30, old standard.)

Vacancy and Unoccupancy. The terms "Vacancy" and "Unoccupancy" are not synonymous: A vacant building is one that is empty—one void of all but rubbish or waste paper or other similar things; an unoccupied building is one that may have therein the things usual to it, but which has not the presence of human beings in the customary way.

As applied to a dwelling house, unoccupancy has been defined as "lacking the habitual presence and continued abode of human beings within it." The New York Court of Appeals in defining occupancy says, "For a dwelling house to be in a state of occupation, there must be in it the presence of human beings as at their customary place of abode, not absolutely and uninterruptedly continuous, but that must be the place of usual return and habitual stoppage."

Periodical inspection does not constitute occupancy, nor does the presence of a caretaker during the day. Some authorities hold that a caretaker living in a house does not render it "occupied," and most will agree that it is not occupancy in any proper sense; on the other hand, if servants, as distinguished from mere caretakers, are living in a house and maintaining it in constant readiness for the owner's (or tenant's) presence, then it is usually considered to be occupied within the meaning of the policy.

The occupation of a tenant house on a farm, even where the outbuildings are in use, does not constitute occupancy of the main dwelling; nor would occupancy of the main dwelling and outbuildings constitute occupancy of the tenant house.

A store, even though filled with goods, is not occupied unless it is open for trade in the customary manner. On the other hand, a school is not usually considered unoccupied during the vacation period, even though no human beings are in it. A church is usually considered occupied if services are held in it at regular periods.

"(*g*) *By explosion or lightning, unless fire ensue, and, in that event, for loss or damage by fire only.*"

(Compare with lines 34-35, old standard.)

This clause in the new N. Y. Standard policy covers a fire loss following one by explosion or lightning, whereas under the old N. Y. Standard form the lightning cover had to be assumed by attaching a rider.

"If an application, survey, plan, or description of property be referred to in this policy it shall be a part of this contract and a warranty by the insured."

(Omitted from new New York Standard Policy.)

Application a Warranty. If the form reads, "as per application" or "as described in survey" or "as shown on plan" or any similar language, the insured is bound by the information given or the statements made in such documents even more than if made in the form itself, for these documents become *warranties by the insured*, and a warranty must be lived up to or the policy is void. If the insured warrants that a building has a shingle roof and the roof is actually of tin, the policy is void strictly speaking, although, of course, few companies would care to take advantage of the avoidance on such grounds.

The Old N. Y. Standard policy provides that unless otherwise endorsed it shall be void.

"If the subject of insurance be personal property and be or become encumbered by a chattel mortgage."

This was felt to be an unnecessarily harsh provision, since a chattel mortgaged piano, for example, if included in a

household furniture policy would void the entire contract. Hence in drafting the **New N. Y. Standard** the provision was changed to read as follows:

"Unless otherwise provided by agreement in writing added hereto this company shall not be liable for loss or damage to any property insured hereunder while encumbered by a chattel mortgage, and during the time of such encumbrance this company shall be liable only for loss or damage to any other property insured hereunder."

Old N. Y. Standard. *"If a building or any part thereof fall, except as the result of fire, all insurance by this policy on such building or its contents shall immediately cease."*

This is unchanged in the **New N. Y. Standard** except for the insertion of the word "material" before "part," thus bringing the policy condition in line with court decisions that a substantial part of the building must fall in order to terminate the insurance. The standard fire policies of some States do not contain this provision regarding fall of building.

If the fire insurance policy is issued on a structure in a state of completeness, then the falling of a substantial or integral portion thereof would change such state. A definition of the word "material" that would be applicable to any and every building is hardly possible for this depends upon the precise circumstances in each case.

In some sections of the country, particularly where earthquakes occur, it is not unusual to attach to fire policies the following waiver:

"In consideration of $.....additional premium the provisions (if any) in this policy to the effect that if the building or any part thereof fall, except as the result of fire, all insurance by this policy shall immediately cease, are hereby waived. Under this insurance against loss by fire and this Fallen Building Clause Waiver, this company is not liable for damage caused by earthquake, or by the fall of any portion of said building from a cause other than fire, unless fire ensues, and then for the damage by fire only. This company shall not be liable under this policy for a greater proportion of any fire loss on the within described subject of insurance than the amount hereby insured bears to the entire fire insurance on such subject of insurance, whether valid or not, or by solvent or insolvent insurers; provided that such entire fire insurance shall be deemed to include also all fire insurance on the subject of insurance, which has been invalidated by the fall of the within described building, or part hereof, and which but for such fall would have been in force at the time of loss hereunder."

The waiving of this clause has the effect of continuing the fire insurance to cover the value of the building after a fall however caused. If fire breaks out after a fall not caused by fire, the fire insurance is liable only for the direct loss or damage to the remaining parts of the building. If completely fallen, then recovery would be for the value of the debris.

The waiving of the Fall of Building Clause does not have the effect of assuming liability for loss or damage due to fall. If caused by fire or lightning it is covered without waiving the Fall of Building Clause, but the fall may be caused by earthquake, explosion, tornado, flood, or other peril which may be insured against, or it may be caused by adjoining excavation or by structural weakness. The fire policy does not contemplate liability except for direct loss by fire and/or lightning, or some happening directly caused by fire, such as explosion.

The conditions relating to added clauses and provisions, to waiver and to pro rata liability are substantially alike in both standard policies and need no special comment here (see chapter on Waiver and Estoppel).

The conditions relating to cancellation of policy and to mortgage interest are felt of sufficient importance to require separate treatment (see Index).

"Noon." The new N. Y. Standard policy contains an interpretation of the word "noon" as meaning "noon of standard time at the place of loss or damage." Under most judicial constructions noon has heretofore meant solar instead of standard time and with the introduction of daylight saving time it was felt desirable to have a clear definition in the policy so that all doubt should be removed.

For convenience of reference the duties of the insured in case of fire and in case of claim for loss are grouped together.

DUTY OF THE INSURED IN CASE OF FIRE

*"This company shall not be liable for loss caused * * by neglect of the insured to use all reasonable means to save and preserve the property at and after a fire or when the property is endangered by fire in neighboring premises;"*

This charges the insured with the duty of taking such reasonable measures to put out the fire as common sense would dictate, such as giving the alarm, using available means for extinguishing the flames, as, for example, the water pails, chemical extinguishers, standpipe and hose, etc., but it does not require him to endanger life and limb. In some sense this duty is a public one, quite apart from any question of insurance, for fire may spread from his premises to those adjoining; in France and some other countries he would be liable for damage to the property of others caused by a fire that originated on his premises.

Removal to Safety. It is even anticipated that in the exercise of this duty the insured will remove to a place of safety property endangered by fire in neighboring premises, for both the old and the new standard policies specifically assume liability for five days when property is so removed.

When property is so removed *"loss by and expense of removal from premises endangered by fire"* is a proper and valid claim on the insurance, within reasonable limits.

Prevent Further Loss. The duty also extends *after* the fire and requires the insured *"to use all reasonable means to save and preserve the property."* Therefore, it is not a proper fulfilment of his contract if the insured does nothing to prevent further damage—beyond that caused by fire and water. He should not "let everything stay just as it is until the insurance people come" as so often is said, but should dry out goods that will otherwise spoil or mildew, oil or grease machinery to keep it from rusting and do all the other things that a careful and prudent man would do if uninsured. A reduction of losses as a whole will bring about a reduction in the cost of insurance as a whole. The theory of this condition whereby the company is not liable for neglect of the insured is that loss resulting therefrom is not a loss caused directly by

fire, but rather by the insured's lack of care. Wilful neglect of the insured to protect property comes perilously near to being fraud.

DUTY OF THE INSURED IN CASE OF LOSS

When loss occurs there are certain things which the insured MUST do, and others which he may be required to do upon notice from the company. The unconditional duties are:

"To give immediate notice in writing" to the company;

This is held to mean "within a reasonable time," and notice to the agent is notice to the company, although such notice is sometimes sent direct to the company by registered mail.

"Protect the property from further damage;"

This has been referred to elsewhere and emphasizes the duty of the insured to "save and preserve the property from further damage."

"Forthwith separate the damaged and undamaged personal property, put it in the best possible order;"

"Make a complete inventory of the same, stating the quantity and cost of each article and the amount claimed thereon;"

The New N. Y. Standard policy provides that the insured shall "furnish" a complete inventory of damaged, undamaged *and destroyed* property, thus leaving no question that the inventory shall be complete and shall not merely be made but actually furnished to the company.

The law does not ask impossibilities; the insured must use every reasonable effort to comply with this requirement, but where the facts cannot be ascertained exactly, then the insured must do the best he can to comply.

The statement referred to in the following is commonly called the "Proof of Loss."

"And, within sixty days after the fire, unless such time "is extended in writing by this company, shall render a "statement to this company, signed and sworn to, stating "the knowledge and belief of the insured

"as to the time and origin of the fire;"

"the interest of the insured and of all others in the property;"

"The cash value of each item thereof and the amount of loss thereon;"

"all encumbrances thereon;"

"all other insurance, whether valid or not, covering any of said property;"

"a copy of all the descriptions and schedules in all policies;"

"any changes in the title, use, occupation, location, possession, or exposures of said property since the issuing of this policy;"

"by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of fire;"

The statements contained in this "proof of loss," it will be noted, call for information, furnished and sworn to by the insured, tending to establish the "actual cash value" of the property damaged or destroyed, and also to show whether or not any of the conditions of the policy have been violated.

The old and the new N. Y. Standard policies are alike in substance as the requirements relating to proof of loss.

Plans. In addition to these unconditional duties enumerated, the insured is obligated, IF REQUIRED, to perform the following duties:

"furnish verified plans and specifications of any building, fixtures, or machinery damaged or destroyed,"

Magistrate's Certificate. Under the old but not under the new N. Y. Standard policy the insured, if required, must

"furnish a certificate of the magistrate or notary public (not interested in the claim as a creditor or otherwise, nor related to the insured) living nearest the place of fire, stating that he has examined the circumstances and believes the insured has honestly sustained loss to the amount that such magistrate or notary public shall certify."

These two clauses are omitted from some policies, notably Massachusetts. The requirement of verified plans is almost a necessity where property has been totally destroyed. The magistrate's certificate is seldom required, and when called for the word "nearest" may be construed reasonably.

Exhibit Remains—Produce Vouchers:

"shall exhibit to any person designated by this company all that remains of any property herein described, and submit to examinations under oath by any person named by this company, and subscribe the same;"

"shall produce for examination all books of account, bills, invoices, and other vouchers, or certified copies thereof if originals be lost, at such reasonable place as may be designated by this company or its representative, and shall permit extracts and copies thereof to be made."

In the new N. Y. Standard policy an interpretation is placed upon these requirements by law by inserting that the exhibit shall be as reasonably required and that both the place and the time for examination of books of account shall be reasonable.

Here, again, the law does not require impossibilities, but the insured must use every reasonable effort to exhibit the remains of property, and must not dispose of it until the company has had an opportunity to examine same; but the company, too, must be reasonable in the time it takes to make the examination. There is usually no reason, however, for not being able to produce books of account, bills, etc., or for not making every reasonable effort to obtain duplicates, and there is no reason, save physical disability, for not submitting to examination under oath touching those matters which have a material bearing on the loss, or the origin of the fire, or the insurance.

APPRAISAL

Competent and Disinterested. The policies of every State contain a provision in some form for the submission to appraisal of a loss, the amount of which cannot be agreed upon. All such provisions provide for an appraiser chosen by the insured and one by the company, together with a third chosen by these two, or by some court or State official. It is provided that such appraisers shall be "competent and disinterested," and it is expected that each shall act without bias toward either party to the loss. By "competent" is meant one who has sufficient knowledge concerning the kind of property involved to determine values and estimate damages thereto. A building contractor would not usually be competent to appraise a loss on dry goods, nor a ribbon salesman a loss to a building.

By "disinterested" is meant one who has no pecuniary interest in the loss, is not related to any interested party and has no connection that would tend to influence his award. It would not ordinarily bar out one who had done previous work for either party, or expected to do work for either in the future, but usually it is inadvisable to name as an appraiser or umpire one who has previously examined the loss and given an opinion or estimate of its amount. In referring to appraisers it is best not to use the terms "the company's appraiser" or "the insured's appraiser," for this tends to destroy the element of disinterestedness; the better term to use is "the appraiser named by the insured (or the company)."

Requirements. While the policy apparently provides for a submission to appraisal in event of disagreement on demand by either the insured or the company, there is no penalty provided if the company refuses, other than to be sued at law, whereas the policy provides a penalty if the insured refuses, for one of its provisions is that *"No suit or action on this policy, for recovery of any claim, shall be sustainable in any court of law or equity until after FULL COMPLIANCE BY THE INSURED WITH ALL THE FOREGOING REQUIREMENTS,"* and he must, therefore, submit to appraisal if demanded, though he may afterwards sue in court if he so chooses. It may be stated, however, that appraisals are usually sustained by the courts unless material bias or incompetence is shown on the part of one or more of the appraisers, or the umpire, or undue influence is exerted.

The New N. Y. Standard policy changes this condition to read "until all the requirements of this policy shall have been complied with," which does not change the obligation which the insured has, but opens the way for suit under some other interest, such as that of a mortgagee.

CONTRIBUTION

Old N. Y. Standard. *"This company shall not be liable under this policy for a greater proportion of any loss on the described property, or for loss by and expense of removal from*

premises endangered by fire, than the amount hereby insured shall bear to the whole insurance, whether valid or not, or by solvent or insolvent insurers, covering such property."

New N. Y. Standard. *"This company shall not be liable for a greater proportion of any loss or damage than the amount hereby insured shall bear to the whole insurance covering the property, whether valid or not and whether collectible or not."*

This change is somewhat broader in scope than in the old form and is in part intended to prevent all of a loss falling on one or more companies or set of policies when there were in fact other companies or other policies covering the property, which, due to breach of condition, insolvency or other reason, were uncollectible.

All insurance to contribute must cover the same INTEREST, or some portion thereof. There may be two sets of policies covering the same *property* that would not contribute because they do not cover the same *interest*; for example, one may cover on building for the owner and the other the mortgagee's interest as such in said building, in which case neither need contribute with the other: Or a stock of goods may be covered for the owner under one policy, and the owner's interest in profits thereon may be covered under another policy, neither contributing because the interests are separate and are insured as such.

Validity; Solvency. The provision that all insurance must contribute "whether valid or not, or by solvent or insolvent insurers," is inserted because without such a provision each company, to a certain extent, would be in the position of guaranteeing the indemnity called for under all other policies and from all other companies. For example: Assume that Company "A," Company "B" and Company "Z" each issues a policy for $5,000 on a building on which thereafter a loss of $4,500 occurs; assume also that at the time of fire Company "A" is solvent and its policy in full force and effect; that the policy of Company "B" has been rendered invalid by breach of some condition not present in the policy of Company "A," and that Company "Z" has become bankrupt and its policy is worthless. In such case, were the policies of Company "B" and Company "Z" not held to be contributing insurance, the

entire loss of $4,500, instead of only one-third that amount, would fall on Company "A," which is solvent and whose policy is liberal in its cover. This would be manifestly inequitable.

"The extent of the application of the insurance under this policy or of the contribution to be made by this Company in case of loss, may be provided for by agreement or condition written hereon or attached or appended hereto."

This condition is rarely called in question. Presumably it was inserted in order to provide for such clauses as the Three-Fourths Value, the Two-Thirds Vacancy, the various Coinsurance or Average Clauses, and others that may have some bearing on the amount which the individual company shall pay under certain conditions, yet it can hardly be questioned that such clauses would have the same effect in the absence of this provision.

The New N. Y. Standard *policy adds to the quoted clause the following: "And any other agreement not inconsistent with or a waiver of any of the conditions or provisions of this policy."*

SUBROGATION

Old N. Y. Standard. *"If the company shall claim that the fire was caused by the act or neglect of any person or corporation, private or municipal, this company shall, on payment of the loss, be subrogated to the extent of such payment to all right of recovery by the insured for the loss resulting therefrom, and such right shall be assigned to this company by the insured on receiving such payment."*

New N. Y. Standard. *"This company may require from the insured an assignment of all right of recovery against any party for loss or damage to the extent that payment therefor is made by this company."*

Rights. The common law gives certain rights of subrogation to which the company would be entitled without this provision in the policy, but it is apparently inserted in order that such rights may be clearly understood and in order that the company may obtain subrogation on demand without resort to the courts to enforce the right as might otherwise happen in the case of an obstinate or litigious policyholder.

Negligence. The cases in which subrogation is usually asked are those where fire is thought to have been caused by sparks from a railroad engine, or by an overloaded electric light or power wire, or other cases where negligence is alleged, or where the insured has the right of recovery from a third party, as in the case of damage to property while in the custody of a common carrier.

Waiver of Recovery. For the reason that this right of subrogation is—or may be—valuable to the company, the insured should not waive right of recovery without notice to the company, and endorsement of the policy, for there is danger, under certain conditions, that such waiver by the insured, without notice, might be held to be concealment of a material fact and so void the policy, particularly since most organizations prescribe a charge for waiver of subrogation on the part of the company.

The endorsement to be made may take the following form:

"In consideration of $.....additional premium notice is hereby acknowledged that the insured has waived the right of recovery from.....for any loss or damage by fire to the property herein described."

CHAPTER IX

WAIVER AND ESTOPPEL BY AGENT

ORAL WAIVER—KNOWLEDGE BY AGENT—ACCEPTANCE OF PREMIUM—DEMAND ON INSURED—DENIAL OF LIABILITY.

The Old New York Standard policy contains the following provision: "This policy is made and accepted subject to the foregoing stipulations and conditions, together with such other provisions, agreements, or conditions as may be endorsed hereon or added hereto; and no officer, agent or other representative of this company shall have power to waive any provision or condition of this policy except such as by the terms of this policy may be the subject of agreement endorsed hereon or added hereto; and as to such provisions and conditions no officer, agent or representative shall have such power or be deemed or held to have waived such provisions or conditions unless such waiver, if any, shall be written upon or attached hereto, nor shall any privilege or permission affecting the insurance under this policy exist or be claimed by the insured unless so written or attached."

The New New York Standard policy changes the phraseology to read: "No one shall have power to waive any provision or condition of this policy except such as by the terms of this policy may be the subject of agreement added hereto, nor shall any such provision or condition be held to be waived unless such waiver shall be in writing added hereto, nor shall any provision or condition of this policy or any forfeiture be held to be waived by any requirement, act or proceeding on the part of this company relating to appraisal or to any examination herein provided for; nor shall any privilege or permission affecting the insurance hereunder exist or be claimed by the insured unless granted herein or by rider added hereto."

Oral Waiver. The manifest purpose of this provision is to make it impossible to *orally* waive any condition of the policy; in other words, to require that any modification of the conditions of the policy must be in writing. Unfortunately the

courts have not uniformly so construed this provision; there are circumstances under which the conditions of the policy may be waived, or a violation thereof tacitly permitted, without being endorsed thereon in writing.

Without attempting to cover the subject in much detail it may prove of value to illustrate briefly some of the views which the courts have taken of this provision:

Knowledge by Agent. Knowledge by the agent of the company is knowledge by the company itself. When an agent issues a contract of insurance he is presumed to waive any violation of its conditions of which he has knowledge at the inception of the policy. Such knowledge by the agent will ordinarily be knowledge acquired at the time of writing or negotiating the insurance, or within such period of time that the knowledge might reasonably be presumed to be fresh in his mind. It seems improbable that he could be charged with knowledge that he once had, long before, which would ordinarily pass out of his mind. To illustrate: Knowledge of other insurance existing at the inception of the policy would be tacit permission for such amount of other insurance, although not for a greater amount, but the fact that a year previously the agent knew that the insured had a barrel of gasoline on his premises would not be held to be a waiver of the restriction in the policy against keeping gasoline.

Knowledge that premises were vacant at the inception of the policy, or that mechanics were at work therein, or that manufacturing had ceased, would not be tacit permission for such conditions to continue indefinitely, for the policy permits them for a certain number of days and it is to be presumed that the insured will comply with the policy conditions after the stated time permitted has elapsed.

Knowledge that the agent acquired after the issuance of policy of a violation of its conditions may not require any action on his part, and by taking no action he may not waive any defense the company might have, but it is certainly safer to recall the policy unless he is willing to waive the violations. In such cases he should not serve the regular cancellation notice, for that might operate to make the insurance valid for at least five days, unless sooner surrendered. (See under "Cancellations" for special form therefor.)

Endorsement or correction of a policy with knowledge of a violation is a waiver thereof even though the endorsement or correction made has no bearing on such violation.

Accepting Premium. The acceptance of the premium on a policy with knowledge of a violation of its conditions that would be a bar to any recovery thereunder would be a fraud on the insured. Therefore, it is held that the acceptance of the premium under such conditions would operate as a waiver of such violations, thus making the policy valid as to those particular violations.

Failure to Inquire. There has been some endeavor to hold that failure to inquire of the insured if there is any violation of any of the conditions of the policy is a waiver of such violation as may exist at the inception of the policy, but this seems to be very far fetched.

Demand Upon Insured. Demand upon the insured after a loss, whether for the premium or for some action on his part, with knowledge of a defense to his claim, is or may prove to be a waiver thereof.

Denial of Liability. A general denial of liability under a policy gives the insured immediate right of action at law to recover the amount of loss without compliance with the conditions of the policy as to the filing of proofs, etc.

A Word of Caution. It will be seen from the foregoing that care should be exercised by the agent that no action of his shall jeopardize any of the rights of his Companies. He is given broad latitude in drawing forms and making endorsements that will maintain the policy as a valid contract, but when a fire occurs the agent should consider that a proper conception of his duty to his Company will not permit him to take any action that will waive any of the Company's rights, no matter how trivial. The agent who does so knowingly is false to his duty, disloyal to his Company, and untrue to the high standards that have maintained the American Agency System.

CHAPTER X

SELECTION AND INSPECTION

SELECTION—PRINCIPLES OF UNDERWRITING—LAW OF AVERAGE MORAL HAZARD — TEMPERAMENTAL HAZARD — PHYSICAL HAZARD — HEATING — CHIMNEYS — LIGHTING — GAS — ACETYLENE AND GASOLINE—KEROSENE OIL LAMPS—ELECTRICITY—POWER—GAS AND GASOLINE ENGINES—MACHINERY —HOUSEKEEPING—WATCHMAN—EXPOSURE.

Selection. The responsible and conscientious agent will not knowingly commit his company on a risk of doubtful character; therefore, where a doubt exists regarding the personal attributes of the proposed insured, and his trustworthiness, it is wise to avoid insuring him. Likewise, if the physical hazards are extreme, either structurally, in processes, or by reason of poor care, the risk is one to avoid at least until it is submitted to and approved by the company or one of its field men.

Principles of Underwriting. In order to know what business is likely to prove profitable the agent should have some understanding of the primary rules which govern underwriting. These are not so hard to define, but in their practical application to the daily questions that arise in accepting or declining business lie all the problems of the underwriter, and here is where judgment, experience, information and "horse sense" count for so much.

Law of Average. The systematic application of the law of average is the foundation stone of underwriting. In any such system that which is unusual or abnormal is likely to disturb the balancing of the various elements. As applied to insurance this leads to the conclusion that risks which are average in character are likely to produce average results, and in proportion as they depart from the average the more likely are they to upset the system. This is well illustrated in the operations of life companies who decline to insure those who do not measure up to a certain fixed standard. It is because of this principle that abnormal or unknown hazards

or unusual conditions, not of the customary, ordinary, average character, are avoided so far as possible by good underwriters. **Risks which are better than average** are naturally to be sought, but when below standard they should be written cautiously and for small lines if at all. The question of determining whether or not a risk is average is considered in relation to the class wherein it falls, both as to moral and physical hazard. A standard for dwellings would not be applicable to stores or machine shops; likewise ownership, construction and encumbrances satisfactory as to one class would not be as to all classes. "Average for the class" is a term in common use among underwriters, and carries its own definition. For example, it is not unusual to find frame dwelling properties encumbered for more than 50 per cent of their value, and in well settled localities these would usually be considered average dwelling risks; but a country grist mill equally encumbered would not be usual. Soda fountain fixtures are so often chattel mortgaged to the manufacturer that it is usual to the class, but a clothing or similar stock chattel mortgaged is unusual and as a rule is a risk to be avoided.

Average Lines. What is true as to risks is also true as to lines, for these need to be average in amount since an abnormal line may mean an abnormal loss; they vary in amount with the class and character of risk, large amounts being average lines in one case or class while small amounts are in others. As an example of these extremes may be cited the fireproof warehouse and the frame planing mill with boiler inside.

When applying this question of average to the writings of individual companies, the broad principles are alike, but the underwriting practices of companies differ radically in many ways. What is abnormal for one is normal for another. A jumbo line for one is an average line for another. Some companies seek lines on a given class which other companies decline altogether. A company's policy in the general acceptance of business is its individual system for obtaining an average, based, usually, upon its individual experience; if it writes all classes, then as to classes nothing is unusual or abnormal, and the problem of its underwriters then becomes that of escaping so far as possible risks that are abnormal or unusual within the individual classes wherein they fall, whether from moral or physical standpoint.

It would be vain to think it possible that so short an exposition of the principles of underwriting could cover a subject of such importance and complexity; all that is sought is to give an indication of their nature sufficient to serve in some measure as a guide toward the paths of knowledge.

Agent's Underwriting. It is not to be expected that an agent can do all of the underwriting for each of the companies which he represents, whether in the selection of risks or the fixing of lines; but his power to bind his company is so broad, and the length of time which may elapse before a line he reports can be passed on at the company's office is often so long, that it is necessary for him to know in a general way what to write and for what amounts, else he may commit his company for a loss that should have been avoided, or for an amount far in excess of the natural or average line. If he is in doubt as to the company's view on any individual risk, as to either line or class, he had best submit same before binding the company. Brief treatment of the subjects of moral and physical hazards is given here, but the individual companies represented must guide the agent in fixing their own lines and in defining the classes which they will write.

MORAL HAZARD

Definition. By this is meant personal character, integrity, solvency and habits of life, and all that goes to make one worthy of confidence. The primary rule is not to insure unknown persons or those about whom positive information is lacking. It is a pretty difficult thing for any one to say definitely "there is a moral hazard," but there are certain conditions which general experience shows are calculated to induce or lead to moral hazard. A few of them may be cited by way of example:

What to Avoid. Stores and factories that are not doing well, or that have an undue quantity of shopworn, out of date, or otherwise unsalable goods, or old-fashioned equipment; saloons, distilleries or breweries standing idle and unused for a long time, road houses with an unenviable reputation; nuisances of all kinds; factories that are poorly located as to transportation facilities or not adapted to the kind of manufacturing done or processes carried on or where labor troubles are frequent; experimental undertakings; industries depend-

ing for profit on the ownership of patents in litigation or about to expire; houses in changing or deteriorating locations likely to become unsuitable; country school houses inconveniently situated; old-fashioned buildings used perhaps for elevators or cold storage plants that find it hard to compete with modern ones; enterprises carried on by agents, such as a man operating in the name of his wife or someone else; any business that is "petering out." Any of these and many others that might be enumerated presents abnormal conditions, and should be carefully investigated before insurance thereon is accepted. Where a person would profit by a fire, either in ridding him of something that he does not want, or in selling to the insurance company property that is unsalable to any one else at anything like the same price, then a motive is furnished for having a fire, and such a risk is to be avoided unless the moral hazard is beyond question, or the condition a temporary one. **Over-insurance** is considered to be one of the greatest causes of the so-called moral hazard fires, and the fixing of a proper amount of insurance is one of the most important duties and responsibilities of the agent. A policy should never be written for an amount in excess of the value of property covered, except temporarily as in cases where a building is being erected, or a stock of goods is being put in, or values are increasing so rapidly that they cannot be closely determined, or in similar instances.

There is another side to moral hazard which is sometimes called **temperamental hazard,** and might perhaps be otherwise termed congenital carelessness. There are some industries which have notoriously bad housekeeping conditions due to a variety of reasons, sometimes to the class of men engaged in them or to the class of labor employed. There are also certain races which seem always to live in squalor, whose factories and stores are dirty and ill-kept, and their homes likewise. They are careless with their heating and lighting appliances, their stoves, stove pipes and flues, ashes and rubbish, and in many other ways, so that fires are more frequent among them than among races where such conditions do not exist, or at least are unusual.

Omnibus Risks. A bad moral hazard is a menace not only to the property owned by the individual, but also to others who may be tenants in the same or adjoining premises; that is one of the reasons why an omnibus (several tenant) occupancy is usually considered less desirable. It is difficult to make sure, with the changes of tenants, that someone of an untrustworthy character will not slip in and constitute a potential danger, moral, physical, or both, to the property of all the tenants in the building.

Environment. Not all successful men are good moral hazards, nor all unsuccessful or unfortunate ones bad moral hazards; personal character counts above all. Yet sometimes a man essentially honest is so unlucky as to be a poor insurance risk. There is usually some underlying reason, however, in environment, or class of help employed, or method of operation; and many companies, on general principles, avoid insuring those who have had two or more fires, except where they were unimportant, or the insured were large owners of scattered properties.

Two Classes. There are really two classes into which moral hazard as distinguished from physical hazard may be divided.

First:—That which has to do with arson, incendiarism, the procuring of fires or intentional carelessness which invites fires, or after the fire the making of dishonest and fraudulent claims, or the increasing of a loss by active means or intentional neglect of the property damaged.

Second:—The things which are temperamental with the insured or his surroundings or employees, that are expressed in poor housekeeping, carelessness in removing rubbish, in making needed repairs, in caring for protective appliances, or in prohibition of smoking, and in general the neglect of maintaining property in good condition and in a state of cleanliness, particularly in those essentials which, when neglected, tend to breed fires.

INSPECTION

Physical Hazards. The hazards connected with manufacturing processes, particularly where chemicals are used, call for specialized knowledge, and volumes may be written without exhausting the field of inquiry. The physical hazards with which every insurance man is expected to be familiar are those that may be termed the common hazards, viz., those con-

nected with heat, light and power, and conditions of housekeeping; for the safeguarding of these will remove the most prolific causes of fires.

Heating. Boilers, furnaces, and stoves not set on legs should have incombustible foundations, and should be far enough from woodwork, or other combustible material, so that it will not scorch. The space necessary varies from 6 inches to 6 feet in ordinary cases. Where set on wood floors without legs, a proper foundation should be provided. This may consist of a layer of tin or sheet metal or asbestos over the floor, covered with 4 inches of masonry set in cement mortar. Hollow terra cotta is recommended, so laid as to obtain a circulation of air between the top surface and the floor. Brick may be used and will serve equally well if the degree of heat is not too great. Ordinary stoves and ranges, set on legs on wood floors, should have tin or zinc underneath, extending at least 12 inches in front and at sides of hearth and not less than 4 inches elsewhere. The old-fashioned sand box with 4 inches of fine sand therein is usually safe but unsanitary. **Stove, smoke, and heat pipes** need to be insulated from woodwork, especially where passing through floors or partitions. Ventilated metal shields or thimbles, such as any good tinsmith can make, providing an inch clearance will be sufficient for the pipe from an ordinary stove, but larger pipes require greater protection up to the standard of three feet or more of clearance for boiler smoke flues. Smoke pipes should not pass through closets or enter chimney in attic or unused room, and should always be securely fastened in place by wiring or metal supports or devices. Smoke pipes should enter chimney horizontally, those entering vertically being usually unsafe. Instead of ventilated metal shields for protection against excess heat, it is usually satisfactory, where feasible, to use metal lath and three-quarter inch of good cement plaster, or a layer of plaster board covered with metal, or cellular asbestos. All shields should have an air space between the heat and the surface protected.

Hot air pipes usually need a minimum of six inches clearance from unprotected woodwork, or half that distance if insulated by a ventilated metal shield; a less distance may be unsafe; they should have a ventilated thimble where passing through floor or partition.

Hot air blowers should be kept clean, well oiled and running true, and if in a separate room, should be kept free from rubbish or combustible material. The intake should be supplied by air from outside through a screened opening. A fire occurring in the vicinity of the blower may be distributed to the entire building; hence the necessity for care and cleanliness.

Steam or hot water pipes should be securely hung on metal supports and kept at least 1 inch from woodwork. Where passing through floor or partition they should be provided with a metal collar or bushing one inch larger in diameter than the pipe. All combustible material should be kept away from pipes, and in dry rooms they should be screened so that nothing may fall on them which might ignite. Many people laugh at the danger of steam pipes touching woodwork, and do not believe there is any. There are, however, many cases on record where the wood has gradually charred and carbonized, and finally taken fire. This occurs more frequently in dry rooms than in places where there is a circulation of air. Steam and hot water pipe coverings should be of incombustible material; hair felt is not suitable and probably asbestos is the best of all coverings made.

Chimneys. Wherever possible, these should be built from the ground and support their weight on their own foundations, since those so built are less liable to crack. The exception to this is where no stable foundation can be secured. Those resting on floors, beams or brackets may be safe, but are more likely to go wrong, while those hung from wooden rafters are usually dangerous. **A standard chimney** for ordinary uses is one built of one course of brick on side, i.e., flat, and lined with 1-inch hard burned terra cotta or fire clay flue lining set in cement mortar with joints struck smooth. If not lined, the walls should be 8 inches thick instead of 4 inches. If built of stone the walls should be not less than 8 inches thick and lined. Cobble stone chimneys should be not less than 12 inches thick and lined. Tile, clay, or concrete block chimneys are unsafe, since they are liable to crack. **Reinforced concrete chimneys** with standard flue lining are permissible, also chimneys built of reinforced concrete blocks properly made (flues lined), but no material is so suitable, durable, and

safe as brick. Chimneys should be kept in good repair and properly pointed up, and should be cleaned once a year, or oftener if required by the fuel used.

Lighting, Gas. The chief dangers from lighting by ordinary city gas lie in the possibility of the open flame coming in contact with combustible material. No gas bracket should be closer than 3 feet to the ceiling, or 18 inches if latter is protected with ventilated shield. Stationary brackets are preferable, but if swinging fixtures are necessary they should be arranged so that contact with woodwork or other combustible material is impossible. This may be accomplished by suitable stops, or, sometimes, by a globe or wire cage. Protection around the open flame is desirable in dwellings and stores, where window hangings may otherwise blow against the flame. Rubber tubing may be used for lamps; but stoves, glue pots, brazing devices, etc., should have only metal connections and be set on metal, and should be fastened in place, particularly those standing on the floor where they are likely to be moved slightly in sweeping, and the joints become loose.

Acetylene and Gasoline. Such systems should only be installed where the devices are approved by the National Board, and are put in place by competent mechanics in accordance with the manufacturers' instructions. The same dangers exist as with gas jets, and the same precautions should be taken. The chief danger in the use of these systems lies in having gasoline and carbide about, with all the possibilities that follow in their train. It takes intelligence and some experience to properly operate these systems, particularly when something goes wrong with them, and they are too often left in the care of servants. An astonishing number of fires occur through hunting with an open light or matches for a leak in the gas pipe. Every householder will find it useful to have a portable electric light for emergencies of this kind, and for convenience when other lighting systems fail.

Kerosene Lamps. Metal lamps and lanterns are preferable to those of glass, since the latter may crack or may fall and break. Lamps should be filled in daylight only. The same protection is necessary as with gas jets, particularly overhead. Hanging screws sometimes heat and pull out. Central draft lamps are usually dangerous to use, and, if

installed, great care should be given to keep them clean, particularly inside the burner, and the wick well trimmed.

Electricity. This is the safest form of lighting when properly installed and maintained in accordance with the National Code. The size of wires, the spacing, the load, the fuses and cut outs, switches, etc., call for the services of an expert. When inspection discloses the use of wooden cleats, or when wires are hung on nails or other than approved supports, or pass through walls or partitions or around corners without proper bushing, or if insulation is worn off or abraded, then it is desirable to have the equipment gone over, and conditions corrected that are likely to prove unsafe if neglected.

Power. High pressure boilers for making steam to run engines that furnish power use more fuel, generate more heat and need greater clearances and more safeguards than low pressure heating boilers. There should be as little combustible material in the boiler room as possible; sweepings and refuse should not be kept there, but burned at once or stored outside, preferably in a fireproof bin cut off from the boiler room. Where wood is burned, the boiler stack should have an approved spark arrester. Soft coal is liable to spontaneous combustion and should not be kept in large quantities in or too near building.

Gas and Gasoline Engines. Gravity feed is to be avoided. Mufflers should be located at least 12 inches from woodwork, and the exhaust pipe extended outside and kept at least 6 inches from woodwork; it should be supported firmly in place.

Machinery. The hazard of running machinery comes chiefly from the danger of overheated bearings, and from oil and waste, or combustible material, being allowed to accumulate. Shafting should be well hung and run true, and bearings self oiling and kept clean. Where machines make combustible litter, such as planers, buffers, etc., a blower system should be installed where feasible, and the waste discharged outside away from the building, or into a fireproof vault.

HOUSEKEEPING

Care and Cleanliness are the "first aids" to fire prevention. The finest construction, the best installed equipments, the most approved protective devices, all fail unless they are main-

tained in good, workable condition, and the premises free from dirt and rubbish. Carelessness is the cause of more fire losses than poor construction, non-standard equipment, or lack of protection. The poor physical risk in the hands of good housekeepers is often a better fire risk than one that is fine physically but poorly managed. The type of man who goes all over his premises before leaving them at night, and who never retires without looking at the furnace to see that everything is all right, is the type that has few fires. Among the things which may be specifically referred to in connection with good housekeeping are the following:

Ashes:—Should be kept in metal cans—never in, on or against wood.

Rubbish:—Should not be allowed to accumulate. Papers, packing materials, broken things, empty cases and needless combustible articles should be removed daily.

Oily Waste and Rags:—These are liable to ignite spontaneously, and should never be thrown in corners or closets, or left lying on floor; if kept in cans, the latter should be of approved metal and be emptied daily.

Waste (Ordinary):—Should be kept in approved metal cans.

Oils and Grease:—Only a working supply should be kept inside main buildings, and should have approved metal pans to catch drippings. These should be cleaned frequently.

Matches:—The ordinary parlor match is dangerous. Many fires are caused by its use; women and children are often badly burned by match heads flying off and catching in clothes. The so-called safety match—striking on the box—is the best type for use in house, store or factory..

Protective Equipment:—Oftentimes valuable appliances are installed which would be of great aid in putting out a fire, but are so poorly cared for that when the emergency arises they are practically useless. An empty fire pail is worse than none. Sand and fire pails should be kept full, chemical extinguishers recharged as per directions, hose examined periodically to see that it is in good condition for use, fire doors maintained in free working order, tanks kept full, fire pumps tested regularly, and the sprinkler equipment maintained in full working order in accordance with directions that are usually furnished when same is installed.

The alert agent will keep himself posted, at least to the extent of knowing where to refer in times of need, on the various protective measures suited to the hazards of his clients and in which property owners, particularly manufacturers, are interested.

Water is a conductor of electricity and may be dangerous if used in an electrical fire; the solution of the soda-acid extinguisher is no better in this respect. But carbon tetrachloride, which is the fluid in Pyrene and similar devices, does not conduct electricity; obviously it is more suited in certain locations. Oil and grease fires may be spread by a hose stream or a pail of water; sand is useful only under favorable conditions. For instance, to throw a pail of sand into a vat of burning oil, would accomplish only harm, but to scatter sand on the burning oil on the floor might be very effective.

The use of carbon dioxide from containers which retain it under pressure and eject it forcibly when needed, is gaining favor; it emerges like a thick cloud of snow, being composed of millions of tiny bubbles of inert gas, which settles on the burning surface and through the exclusion of oxygen (air), stifles the fire. Carbon dioxide is sold under various trade names, Lux for instance, and may be applied manually or through automatic devices.

This business of fire prevention is a serious matter, vitally affecting us all. Consider a tank used for the dip lacquering of metal goods; it may be large enough to contain ten barrels or 500 gallons of solvents giving off, at ordinary room temperatures, very inflammable, even explosive vapors. To fight a fire there is a big job and usually not successful, but to provide for minimizing a loss is relatively simple. Provide a metal cover, actuated by a fusible link, arrange for the automatic draining of contents to an underground location, and for the stifling of the fire by an automatically fed inert gas. Then the loss will likely be trifling.

These devices are not all expensive; many a fire hazard has been removed from a dry kiln through the simple measures of proper arrangement of the steam pipes (free from combustible litter), a high degree of cleanliness and a steam jet direct from the boiler to the kiln, the actuating valve being outside the building. Steam under favorable (chiefly confined) conditions acts like an inert gas by taking up space that would otherwise be occupied by fire-feeding air.

Automatic Sprinklers. The sprinkler system is the most reliable and efficient fire fighting device that can be installed in any building. It is an overhead piping system carrying water to all portions of the building. The pipes vary in size so that all sections may be supplied with fairly uniform pressure. Each pipe contains outlets, usually about ten feet apart, closed by sprinkler heads which are automatic in that a fusible solder melts (or in some cases a quartz bulb bursts) at a prearranged temperature, usually from 155 degrees to 212 degrees. This opens the sprinkler head and water is discharged in a circle therefrom. The source of the water supply may be the city mains, gravity tanks, reservoirs, pressure tanks or pumps; many plants have two or more supplies, thus promoting reliability. The flow of water in the pipes is utilized in various ways to sound the alarm of fire; water motors actuate gongs, electric circuits are closed and operate bells, signals are transmitted to fire departments. Dry systems are so called because normally there is air instead of water in the sprinkler piping; the water is held back by a "dry valve." Operation is much the same as in wet systems. The water is slower in reaching the fire since the air is first released and reduction of pressure causes the dry valve to trip, admitting water. Dry systems are used in cold locations where wet systems might freeze. The efficiency of the system of course depends upon its being maintained in perfect operating condition. There have been developed limited supply sprinkler systems fed by relatively small capacity tanks which are sometimes installed in the cellars of private homes. Rates for plants installing a standard automatic sprinkler equipment are very materially reduced and the cost of the equipment is often paid for in a short time in the saving in the cost of insurance.

Sprinkler Installation Finance. The effectiveness of sprinkler systems is so well recognized and the premium saving so substantial that the installation of such systems may be financed if the insured is not prepared to make the initial outlay. The sprinkler installing companies themselves sell on the deferred payment basis, permitting the application of former fire insurance premiums to pay for the equipment. There are also finance companies specializing in sprinkler engineering that for responsible people will make a contract to equip a plant, warehouse or other building in consideration

of the insured paying for a stipulated time the existing insurance cost, that is, premiums for insurance at the going rate on the property before sprinklered. Thus the insured spends nothing, nor does he have to pay more for insurance than he has been paying and at the termination of the contract, which rarely runs more than five years, he owns the equipment and gets the full benefit of the reduced rate. Additional benefits are enhanced value of plant, less likelihood of serious fire disturbing operations, and reduced cost of operating overhead.

Note: The agent who is familiar with protective equipment and able to guide his clients is in position to give a valuable service.

Watchman. The only way to be reasonably sure that the watchman makes his rounds regularly is to have a proper clock installed, and to check up the records every day to see that the punching of the different stations is recorded in due order and at proper times.

Inspections. The best way to insure the care of protective devices is to have a regular time for inspections, and to hold responsible the man whose duty it is to make them.

To the one who wishes to study in detail the various matters that have been touched upon herein, the following publications are recommended for perusal:

The National Board Building Code.

The National Electrical Code.

Standards of various kinds published by the National Board of Fire Underwriters, New York City.

National Fire Protection Association "Field Practice."

EXPOSURE

Limit of Danger. A risk is usually considered unexposed if the nearest building, structure or combustible property that may make a fire that is other than trivial, is 100 feet or more distant. This does not mark the limit of danger (sparks or brands from a fire have been known to carry several miles and set fire to a wooden roof, although this is the exception that proves the rule), and many things must be taken into consideration in fixing a safe limit in specific cases; but 100 feet is generally accepted as a safe distance on the average.

The degree of safety depends somewhat on the construction of the building exposed, and on the construction, area and contents of the exposure. A large area frame building, or brick building with frame roof, filled with highly combustible contents such as hay, furniture, etc., is an unsafe exposure at a distance of 100 feet, particularly if the exposed building has a wooden roof. As a rule the **distance** apart may be decreased with safety in ratio with the improvement in construction, and, also, in ratio with contents which burn either in a flash without sustaining combustion, such as millinery stocks, or which burn slowly, such as piece dry goods. Exposures are naturally more serious when there is no protection against fire, and the distance apart may be decreased with safety in ratio with the degree of protection.

It is a safe rule on the average for the agent to decline any business located within 100 feet of a risk that his company has refused to write, at least without first submitting it for approval. Rating authorities are giving greater attention to exposure than ever before, for it is realized more than ever how much exposure contributes to the fire cost of the country. As congested values increase the losses due to exposure are bound to increase, for all fires that spread from the building where they originate, including conflagrations, are chargeable to exposure. More than one-eighth of the entire fire insurance losses of the United States are due to exposure fires.

CHAPTER XI

RATES AND RATING METHODS

MINIMUM RATES—SPECIFIC RATES—FLAT RATES—CO-INSURANCE RATES—BLANKET RATES—AVERAGE RATES—FLOATING RATES—JUDGMENT RATES—SCHEDULE RATES—ANALYSIS OF RATES.

Rates. The key note of the insurance business is the rate. All other things revolve around that. It is the price of the goods for sale and familiarity with rates and the methods by which they are made is desirable for all agents and a prime necessity for those in the larger centers.

Rates are commonly designated by the following names:

Minimum rates, being those made for and applying to all risks of a given class, such as dwellings, where no specific rate is fixed.

Specific rates, being those made for and applying to a given risk or property, such as "Building, 24 Main St."

Flat rates, being those that do not require the use of coinsurance.

Coinsurance rates, being those requiring the use of coinsurance.

Blanket rates, sometimes called **Average rates,** being those applying over two or more properties, or over two or more subjects of insurance, which underwriting rules or customs commonly require to be separately insured, whereas such rates are made so that these properties may be written in one item without separation. (See Blanket Forms.)

Floating rates, being those applying to property wherever located within the general confines stated, such as within a given State.

Judgment and Schedule Rates. Rates are of two general kinds, viz., JUDGMENT and SCHEDULE.

Judgment rates are those made without the use of any measure beyond that which the experience, intelligence and

good sense of the rate maker provides. Years of observation and analysis, and the impressions constantly received in the daily study of construction, hazards, protection and environment, give to the underwriter a training which enables him in a practical way to judge what rate a given risk should bear. Many, particularly of the older school of underwriters, regret the passing away of rate making by judgment and experience, feeling that the intuitive sense of the underwriter, born of long years of training, more accurately measures the worth of a risk than the literal application of rate making schedules.

Schedule Rates. But the great growth in property values, the complexities of our modern mercantile and manufacturing industries, the congestion of our cities and towns, the different methods of fire protection, the wealth of building materials formerly unknown, the great development in mechanics, in chemistry and in all the arts and sciences, has rendered impracticable the making of rates by judgment alone, and this evolution of general business conditions has brought about rate making by schedule, which method is rapidly becoming universal throughout the United States. The schedules used are not in themselves based upon demonstrated costs, but their base rates, charges and credits are founded upon the judgment and experience of many trained underwriters whose minds have met in the adoption of the various items of said schedules, which are probably as accurate as it is possible to produce with the information at present available. These schedules are really measures for averaging the rates in a given class, and for this purpose are superior to judgment ratings, just as a tape line is better than pacing to measure distance.

Two general systems of schedule ratings are in use in the United States today: The Universal in the East, and the Analytic or Dean in the West. Each starts from a basis rate and makes charges or gives credits for the various items that go to make up the schedule applying to the particular risk rated. The Universal, in the main, adds *flat* or constant charges, for example, 10 *cents* for defective flue; whereas the Dean adds a *percentage* of the basis rate, for example, 10 *per cent* for defective flue. Each has a variety of schedules or of occupancy charges adapted for use in rating the

various classes of property, it having been found that no one schedule can be devised that is practical for rating any and all kinds of risks.

Analysis of Rates. The agent in analyzing a rate on a given risk first obtains a copy of the schedule used and the "make-up" of the rate, by which is meant the various **charges and credits** which produce the final rate. He first determines whether the proper schedule has been used; then he should learn whether the charges are properly made and if credit is given in the rate for everything contained in the risk for which credit is provided in the schedule; next he should see whether improvements can be made that will result either in eliminating charges, or result in further credits being given. Charges for condition or housekeeping should come in for special attention as they may usually be removed, and their correction makes for the safety of the risk. It is well for the agent to remember that his renewal commissions depend on keeping the property in existence.

Which to Apply. Sometimes a judgment rate exists on a risk, or only a minimum rate applies, and it may be found by inspection and the experimental application of the proper schedule that if a rate is made thereunder it will be lower than the judgment or the minimum rate, in which case it is obviously to the advantage of the insured to apply for the promulgation of a schedule rate. The agent should remember that it is his duty to secure for his client by every legitimate means the **lowest rate possible,** and that his competitors always have an eye out for some way of reducing his client's rate and using this as a lever for prying the account away from him. A reduction in rate usually makes a louder noise than the note of friendship, and the agent who is most successful in legitimately saving money for his clients, without the sacrifice of proper coverage, is likely to be the one who has the biggest expiration register. A thorough knowledge of rates and rate-making schedules—not merely a superficial one —vastly increases the equipment for success in soliciting and holding business, and giving satisfactory service.

CHAPTER XII

CANCELLATION AND SUBSTITUTION

POLICY ORDERED CANCELLED—CONDITIONAL ORDER—AVOID REINSTATEMENT—VOID POLICY—NOTICE OF CANCELLATION—LEGAL NOTICE AND TENDER—RETURN PREMIUM WITHOUT DEDUCTION—NOTICE TO PAYEE—NOTICE TO MORTGAGEE——SUBSTITUTION OR REPLACEMENT—BINDERS—CANCELLATION NOTICES (FORMS).

CANCELLATIONS

An agent receiving instructions from his company to cancel a policy must use every reasonable effort to promptly effect cancellation; and failure to make such effort renders him personally liable for any loss which the company sustains because of his neglect.

Conditional Order. Sometimes a company asks cancellation conditional upon certain alleged facts proving to be true, or certain specified things taking place. In such cases the agent may render himself personally liable if he does not use reasonable diligence to ascertain the truth, or the occurrence of the specified happenings.

Avoid Reinstating. Again, the company may instruct agent not to receive the premium on a given policy, or not to endorse or correct it, or not to grant further permits, as, for example, a vacancy permit. Such instruction may be with a view of avoiding any act on the part of an agent, or the bringing about of a condition, that would continue a policy in force or reinstate one that is void.

Void Policy. Where a policy is rendered void by a violation of some condition (for example, vacancy beyond the length of time permitted), and such violation comes to the knowledge of the agent, there is danger that it may be claimed the violation was waived if he takes no action. Hence, in such cases, unless permission or waiver is to be endorsed on the policy, or would be if presented, the policy should be recalled, and the full amount of unearned premium from date of violation returned to the insured, thus avoiding all possibility of trouble or embarrassment in case fire occurs.

When recalling a void policy the ordinary notice of cancellation should not be served, for to do so might be held to revive the policy during the five days covered by said notice. Notice of recall may be in form similar to the one appended hereto.

Notice of Cancellation. The policy provides that either the insured or the company may cancel it by giving notice in accordance with its conditions. The agent may give or receive notice personally or by mail, or through a representative, such as an employee or solicitor customarily acting for him in such matters, or specially instructed or authorized. Likewise the insured may give or receive notice personally, or by mail, or through a representative such as an employee, agent or broker. The important thing to be considered here is cancellation on behalf of the company, and *it must always be borne in mind that to be sure of a legal cancellation the company must be in position to prove that notice of its election to cancel was received by the insured or his authorized representative.* Such representative must have the authority to accept notice of cancellation on behalf of the insured else it will not be legal notice to the insured. If a paid employee is in the habit of ordering and cancelling insurance, it is usually sufficient evidence that he is authorized by his employer to take such action, and this is true in a less degree of an agent of the insured, such as one handling his real estate or customarily acting for him in his absence. The broker is sometimes authorized to secure—but not to cancel—insurance, and the practice of sending notice to the broker may result in cancellation, but cannot be depended upon to relieve either the company of its liability, or the agent of his responsibility for cancellation.

Legal Methods. The best way to effect cancellation is to see the insured, get him to acknowledge the cancellation and surrender the policy, but if this cannot be done the conditions of the policy (N. Y. Standard) require that the insured be given five days' notice, and the policy is not cancelled until five days after such notice is received by the insured, or his authorized representative, unless in the meantime he surrenders it. If notice is to be given it should always be in writing and unequivocal in its terms. This notice may be delivered by hand or sent by registered mail.

Address. It should be addressed to the insured at his place of business, or an address where he is known to receive mail, or to his agent if he is represented by one, or, if deemed proper and necessary, to the insured in care of his broker. A duplicate or facsimile copy of the notice should be kept by the agent. If notice is delivered, memorandum should be made showing the date and by whom the delivery is effected and by whom it is received. If sent by mail, the *letter should be registered* and copy of the notice marked with the date and hour of mailing, and kept with the post office receipt and the registry return card when it comes back. The envelope should bear the imprint of the agent issuing the policy, or representing the company, or the imprint of the company whose policy is being cancelled. This is imperative by reason of court decisions.

Some insurance companies authorize cancellation of policies for non-payment of premium by notice sent by regular letter mail, providing when mailed at post office receipt (Form No. 3817) is obtained and a .01c stamp affixed thereto, copy of notice sent and the said receipt being accepted by the company as a voucher for cancelled policy. This method furnishes only presumptive evidence of receipt of notice by the insured and should be followed up to obtain the cancelled policy, if possible.

Proof of Receipt. Since notice to be effective must reach the insured, or one authorized to act for him, it is important to have him receive the registered communication, and that the registry return card bear his signature or that of his authorized representative. Therefore, it is recommended that the envelope be marked "Deliver to addressee only—receipt desired." If so marked, the post office rules require delivery to none other than the addressee. The papers usually required by a company to constitute a voucher for a cancellation by notice are a facsimile copy of the notice sent, the post office receipt for registration and the registry return card. The card should bear the signature of the insured or his agent or representative. If the insured is a corporation it should bear the signature of such corporation with the name of the one signing therefor.

Premium Paid and Unpaid. Where the premium has not been paid no action is necessary beyond the serving of notice. If the policy is in the old New York Standard form and the

premium has been paid it is rarely safe to await the policy before returning the unearned premium, even though it is customarily surrendered promptly and return premium due thereon is paid, for it has been held that the cancellation is not effective until the unearned premium has been actually paid or tendered to the insured. For that reason it is wise to send with the notice the amount of unearned premium due. As a matter of convenience a check is often enclosed with the notice of cancellation and if the insured endorses and cashes same, that is acknowledgment and acceptance by him of the notice of cancellation and is effective.

Legal Notice and Tender. To be absolutely certain of effecting and proving cancellation if policy is in the old New York Standard form, a written notice of cancellation should be handed personally to the insured, or his authorized representative, in the presence of one or more witnesses, accompanied by the unearned premium in cash that is legal tender of the United States, as the insured would have a right to decline the money and not recognize the tender if it were otherwise than legal tender so designated by law. Legal tender consists of United States treasury notes, gold coin of the denomination of $1.00 or over, silver dollars, and subsidiary coin for a limited amount. It is best to use the least number of pieces of money necessary to make up the amount of the tender, therefore, to use gold coin or silver dollars for all but the fractional parts of a dollar, for which silver 50c and 25c pieces, dimes, nickels and pennies should be used in the least number necessary to make up the exact amount. By avoiding the use of paper money all doubt is eliminated as to whether the money is legal tender (as in the case of treasury notes) or whether it is other paper money of similar appearance such as silver certificates, gold certificates and national bank notes, none of which is legal tender.

Service of Notice and Tender. The notice and tender should be handed to the insured or his authorized representative accompanied by a statement as to the nature and purpose of the communication and tender and if possible the copy of notice should be read to him. No receipt for the money should be demanded. The notice and money once having been delivered or offered should under no circumstances be taken back. If the insured declines to receive the notice or the tender, either or both should be laid in as convenient a place

for him as possible and not be taken back even though the insured goes away, leaving the money or the notice untouched.

The New New York Standard form obviates the difficulty regarding the return of unearned premium at the time of giving notice, for it provides that the policy shall be cancelled by giving the insured 5 days' notice, "with or without tender of the excess of paid premium above the pro rata premium for the expired time." But it does require that said excess or unearned premium if not tendered shall be refunded on demand.

Return Premium Without Deduction. Return of the unearned premium direct to the insured, whether figured pro rata or short rate, must be without deduction of brokerage or agent's commission. When the unearned premium is returned through the medium of the broker, it is customary to deduct the brokerage, figuring it in the same percentage as the brokerage on the original premium (that is, 10 per cent, 15 per cent or other percentage), but it would be unsafe to deduct this brokerage if there is likely to be any trouble over the effectiveness of the cancellation and the prompt surrender of the policy.

Notice to Payee. There is no direct provision in the policy requiring notice to be given the payee under a simple loss payable clause reading, "Loss, if any, payable to..... as interest (or as mortgagee interest) may appear."

Courtesy and fairness, as well as custom, do, however, demand the giving of a five days' notice to the payee, and it is quite possible that the courts would hold that the cancellation of a policy was not effective if notice to the payee was not given.

Notice to Mortgagee. If a mortgagee clause is attached, then notice to the mortgagee, as well as to the insured, becomes necessary to terminate the company's liability, for the mortgagee clause in its terms is a separate contract requiring a separate notice. There are two provisions therein:

A. For the termination of the mortgagee interest by cancellation of the policy.

B. For the cancellation of the mortgagee clause itself. In either case ten days' notice instead of five is the requirement on the clauses most widely used. Usually notice of cancellation of a policy will serve to terminate the interest of the mortgagee, because it is usually followed by the surrender

of the policy and the substitution of other insurance therefor, but the safest notice to give is for the cancellation of the mortgagee clause itself. Such notice does not under ordinary circumstances require to be accompanied by any tender of unearned premium and its sufficiency does not depend on the cancellation of the policy. Indeed, where the insured cannot always be located, or difficulty is experienced in serving him notice, sometimes the burden may be thrown upon the mortgagee by cancelling the mortgagee clause, thus inducing him to insist, as he has a right to do under his mortgage, that the mortgagor (insured) secure other satisfactory insurance payable to him (mortgagee) in the event of loss.

Note: Always keep address of all mortgagees, in case cancellation is necessary.

Substitution or Replacement. When a policy of a company is to be cancelled, unless the risk is deemed undesirable to handle, the agent will usually wish to replace the policy with that of another company. *The simple act of binding another company for the same amount on the same risk does not of itself relieve the first company of its liability;* the insured must ratify the transaction before it becomes effective.

Notice to Insured. Nevertheless, when a company orders its policy cancelled it is customary for the agent to bind its line in another company, but this act should be promptly followed by notification to the insured of the one company's election to cancel and of the substitution of another's binder replacing it; if the insured accepts the substitution that act operates to relieve the first company of its liability: Any delay in notification is dangerous, for if fire occurs after the second company is binding and before the insured has accepted substitution, and before the five days following notice of cancellation have elapsed, then in most jurisdictions he may elect which policy he shall hold and which release, but in common equity he should do one or the other and not attempt to hold both, or to place the burden upon the companies involved, of straightening out the tangle.

Therefore, when the liability of one company is to be cancelled and another company is to be made binding by the agent in its place, it is best to communicate with the insured personally and secure his authorization for the substitution, then taking up the first company's policy or binder, and leaving in its place the policy or binder of the second company, thus protecting alike the company cancelling and the insured.

Notice to Mortgagee. If loss is made payable to a mortgagee, substitution or replacement even though effective as to the insured is not as to such mortgagee unless consented to by him.

Cancellation of Binders. If the binder contains no provision as to the number of days notice required for cancellation, it is probable that the courts would hold that five days' notice is necessary, and that if a mortgagee is named on the binder, ten days' notice to him would be required. Where a binder is issued for the renewal of a policy which was made payable to a mortgagee, but for any reason the renewing policy is not issued until after date of inception, notice to mortgagee of cancellation of binder would probably be required, even though such binder made no mention of the mortgagee.

Oftentimes, binders are issued subject to cancellation on *one* day's notice, in which case care should be taken not to give the usual *five* days' notice, which would have the effect of extending the binder for five days after notice is received, instead of one day.

Insurance companies have not adopted any uniform notice of cancellation and each usually has its individual forms which it prefers to have its agents use. The following are simple forms which will fulfill legal requirements for use as indicated thereon.

Cancellation Notice—where premium has been paid
(Old New York Standard Policy)

Dear Sir:

This company hereby notifies you that it elects to cancel its Policy No..... in accordance with the terms and conditions therein provided.

Said policy was issued to you through its agency at.....
.....
to cover on.....
located .....

Herewith we hand you $..... being an amount not less than the pro rata unearned premium for the unexpired term of said policy.

In accordance with the conditions referred to all liability of this Company under this policy will cease and determine at the expiration of five days from the receipt by you hereof, and we request that you kindly return to us the cancelled policy for our files.

Yours very truly,

Enc. .....Insurance Company.
.....Agent.

Cancellation Notice—where premium is unpaid
(Old or New N. Y. Standard Policy)

For use where it is not desired to retain the line.

Dear Sir:

This company hereby notifies you that it elects to cancel its Policy No.....in accordance with the terms and conditions therein provided.

Said policy was issued to you through its agency at.....
.....
to cover on.....
located .....

In accordance with the conditions referred to all liability of this company under this policy will cease and determine at the expiration of five days from the receipt by you hereof, and we request that you kindly return to us the cancelled policy for our files.

AS NO PART OF THE PREMIUM ON THE POLICY HAS BEEN PAID, we request that you pay to us without delay $....., being the pro rata earned premium from the beginning of the policy to its cancellation by virtue of this notice.

Yours very truly,

.....Insurance Company.
.....Agent.

Cancellation Notice—where premium is unpaid
(Old or New N. Y. Standard Policy)

For use where it is desired to retain the line.

Dear Sir:

In accordance with customary rules, the EXAMPLE INSURANCE COMPANY requires me to remit the premium of $..... on policy No..... issued to you and covering on..... situate....., or to cancel said policy in accordance with its conditions.

THE PREMIUM REMAINING UNPAID, I am reluctantly compelled as agent of the EXAMPLE INSURANCE COMPANY to notify you of its election to cancel the policy at the expiration of five days from receipt by you hereof. All liability thereunder on the part of the Company will cease and determine at the expiration of the said five days, unless during such period the full premium of $..... is paid at my office (give address).

Regretting the necessity of this action and hoping to hear from you, I remain,

Yours very truly,

.....
Agent.

Cancellation Notice to Mortgagee
(When premium has been paid)

Dear Sir:

Please take notice that the.....Insurance Company elects to cancel the mortgage clause in your favor attached to its policy No..... issued to .....covering on property described as follows:

.....

This notice is given you in accordance with the provisions contained in said mortgagee clause relating to cancellation, and liability on the part of this Company under said mortgagee clause will cease and determine at the expiration of ten days from the receipt by you hereof.

Yours very truly,

.....Insurance Company.

.....Agent.

Cancellation Notice to Mortgagee
(When premium is unpaid)

Dear Sir:

Please take notice that the.....Insurance Company elects to cancel the mortgagee clause in your favor attached to its policy No..... issued to.....covering on property described as follows:

.....

This notice is given you in accordance with the provisions contained in said mortgagee clause relating to cancellation, and liability on the part of this Company under said mortgagee clause will cease and determine at the expiration of ten days from the receipt by you hereof.

WE HAVE RECEIVED NO PART OF THE PREMIUM ON THIS POLICY.

Yours very truly,

.....Insurance Company.

.....Agent

Cancellation Notice—subject to loss

Memorandum: For use in cancellation subject to loss where the Company has no known defense; return premium to be figured pro rata of the *entire premium* from date of notice. If it has a known defense—don't cancel.

Dear Sir:

This company hereby notifies you that it elects to cancel its Policy No.....in accordance with the terms and conditions therein provided.

Said policy was issued to you through its agency at.....

.....

to cover on.....

located .....

Herewith we hand you $..... being an amount in excess of the pro rata unearned premium on said policy, subject to correction hereafter.

In giving this notice this Company neither admits nor denies liability for any claim by reason of fire (date).

In accordance with the policy conditions, to which we have referred, all liability under this policy on the part of this Company will cease and determine at the expiration of five days from the receipt by you hereof.

Yours very truly,

Enc.

.....Insurance Company.

.....Agent.

Cancellation Notice to Payee
(To be sent to a payee—not a mortgagee)

Dear Sir:

Please take notice that the.....Insurance Company elects to cancel its policy No.....in accordance with lines.....to .....inclusive thereof.

This policy was issued through its agency at....., to ....., covering on.....at....., and loss, if any, thereunder was made payable to you.

All liability to you on the part of this Company under said policy will cease and determine at the expiration of five days from the receipt by you hereof, without further notice.

Yours very truly,

.....Insurance Company.

.....Agent.

Note:—If the premium has not been paid the following may be added: "WE HAVE RECEIVED NO PART OF THE PREMIUM ON THIS POLICY."

Notice recalling Void Policy
(For use where it is not desired to waive the breach of condition)

Dear Sir:

Information has reached us indicating that the property described in this company's policy No.....located.....

(is encumbered by chattel mortgage).

If this is true the policy is void, and there will be due you upon its return the unearned premium thereon.

If our information is incorrect we will be pleased to have you advise us.

Yours very truly,

.....Insurance Company.

.....Agent.

Insert after location the nature of the condition which voids the policy; for example:

"Is encumbered by chattel mortgage."
"Has been vacant for more than time permitted thereon."
"Contains gasoline in excess of amount permitted."
"Has been sold."
"Has been removed."

Notice recalling Void Policy

(For use where, if satisfactorily explained, the breach of condition may be waived by endorsement on the policy.)

Dear Sir:

Information has reached us indicating that the property described in this Company's policy No.....located..... (is encumbered by chattel mortgage).

If this is true the policy is void, and there will be due you upon its return the unearned premium thereon.

If you will let us have a statement of the facts regarding above, we will be pleased to see whether or not the policy may be reinstated by proper endorsement thereon, and continue in force.

Awaiting word from you, we remain,

Yours very truly,

.....Insurance Company.

.....Agent.

Insert after location the nature of the condition which voids the policy; for examples see foregoing notice.

Note: Under the terms of the old New York Standard policy it was void if there was a breach of certain specified conditions, but under the new New York Standard policy the company is not liable WHILE the breach continues. Technically perhaps the policy is therefore not "void" but merely suspended during such time, but it is believed the use of the word "void" in the two foregoing notices is quite proper.

CHAPTER XIII

MORTGAGEE AND PAYEE INTERESTS

MORTGAGE CLAUSES—SEPARATE CONTRACT—PAYMENT OF LOSS—MULTIPLE MORTGAGES—INTEREST NOT INVALIDATED—LIABILITY FOR PREMIUM—CANCELLATION—SUBROGATION—A PERSONAL CONTRACT—AMOUNT OF LOSS—CHATTEL MORTGAGE—PAYEE INTEREST.

Old New York Standard Policy. The only reference therein to mortgagee interests is as follows: "If, with the consent of this company, an interest under this policy shall exist in favor of a mortgagee or of any person or corporation having an interest in the subject of insurance other than the interest of the insured as described herein, the conditions heretofore contained shall apply in the manner expressed in such provisions and conditions of insurance relating to such interest as shall be written upon, attached, or appended hereto."

It will be noted that under this provision the conditions applicable and enforceable as regards a mortgagee are only those preceding line 56, and by attachment of the standard mortgagee clause many of these are waived. Such important provisions as those requiring notice of loss, rendering proofs, right of appraisal, limitation of time for beginning suit and others were omitted from the contract with the mortgagee since they are not mentioned in the mortgagee clause.

To remedy this somewhat anomalous condition without jeopardizing mortgage interests the following conditions were inserted in the

New New York Standard Policy. "If loss or damage is made payable, in whole or in part, to a mortgagee not named herein as the insured, this policy may be cancelled as to such interest by giving to such mortgagee a ten days' written notice of cancellation. Upon failure of the insured to render proof of loss such mortgagee shall, as if named as insured hereunder, but within sixty days after notice of such failure, render proof of loss, and shall be subject to the provisions hereof as to appraisal and times of payment

and of bringing suit. On payment to such mortgagee of any sum for loss or damage hereunder, if this Company shall claim that as to the mortgagor or owner, no liability existed, it shall, to the extent of such payment be subrogated to the mortgagee's right of recovery and claim upon the collateral to the mortgage debt, but without impairing the mortgagee's right to sue; or it may pay the mortgage debt and require an assignment thereof and of the mortgage. Other provisions relating to the interests and obligations of such mortgagee may be added hereto by agreement in writing."

Under the provision the policy as to the mortgagee may be cancelled upon ten days' written notice; the mortgagee if required shall render proof of loss; and is made subject to the provisions of policy relating to time of payment and of bringing suit; and those relating to appraisal and subrogation.

Insurable Interest. When realty is encumbered by mortgage the mortgagee has an insurable interest therein, and may insure it as such, but the customary method is to issue the insurance to the owner or mortgagor, making loss, if any, payable to the mortgagee and attaching a mortgagee clause. If the policy covers both real and personal property, the mortgagee clause should be made to apply to the realty only. A mortgage on realty does not give the mortgagee any *ownership interest* in the property, and therefore does not affect the "sole and unconditional ownership" referred to in the policy.

Mention Unnecessary. Unless required by the mortgagee it is not necessary to make any mention in the policy of a mortgage interest in realty, nor to make loss, if any, under the policy payable to the mortgagee, nor to attach the mortgagee clause. Sometimes two policies are taken out by the assured, one for the amount of the mortgage, payable to the mortgagee, and the other for the remainder of value of building, omitting any loss payable clause; but this is not as good practice as to make all policies payable to the mortgagee, as his mortgage interest may appear, thus protecting the owner, the mortgagee and the insurance company.

Mortgagee Clauses. In New York State there are two forms of Standard Mortgagee Clauses, one called the Non-Contribution Mortgagee Clause, and the other the Full Contribution Mortgagee Clause. The two are exactly alike, except for a condition in the Full Contribution Mortgagee Clause which is self-explanatory and reads as follows: "In case of any other insurance upon the within described property this company shall not be liable under this policy for a greater proportion of any loss or damage sustained than the sum hereby insured bears to the whole amount of insurance on said property, issued to or held by any party or parties having an insurable interest therein, whether as owner, mortgagee or otherwise."

Contribution. Where there is insurance under two or more policies containing the mortgagee clause without the "full contribution" feature, the mortgagee may demand that the full amount of any loss ascertained to be payable, and not in excess of the amount of such insurance, shall be payable to him (mortgagee), even though the insurance so payable constitutes but part of the total insurance, the balance being payable to some other interest. The non-contribution mortgagee clause may therefore be a greater protection to the mortgagee than the full contribution mortgagee clause, but if all the insurance is payable to the mortgagee and held by him it does not matter which clause is used. The Company's interest is better protected by the full contribution clause.

Separate Contract. The mortgagee clause is held to be a contract between the insurance company and the mortgagee, separate and distinct from the policy contract between the company and the insured. It contains several provisions which may be reviewed as follows:

(1) LOSS PAYABLE

That loss, if any, under the policy shall be payable to the mortgagee.

Payment of Loss. Most companies in paying a loss where a mortgagee clause is attached to the policy make draft payable both to the mortgagee and the insured, thus obtaining a release from both. If the company were to pay the insured only and the mortgagee were afterward to demand payment, the company might be required to pay him even though it could not recover the money paid to the insured, and would then be in the position of paying the loss twice.

Multiple Mortgages. Where there is more than one mortgage on realty and each mortgagee has separate insurance to

protect his interest, the non-contribution clause being attached to the policies, it is sometimes thought that each set of insurance must pay to the mortgagee named therein the full amount of any loss that occurs under the policy (not exceeding such insurance), even though the amounts so paid are double the amount of the loss. This does not seem equitable, and it is doubtful if the mortgagee clause would always be construed so favorably to both mortgage interests.

Where realty is encumbered by two mortgages there are several ways in which the rights of each mortgagee may be protected without jeopardizing the rights of the insurance company, bearing in mind that any insurance money paid to a mortgagee reduces his mortgage by such amount. Either of the following methods will protect either mortgagee, providing the property is worth the amount of both mortgages and all insurance thereon is made payable to one or to the other, or to both:

First:—By making the loss payable to John Doe, first mortgagee, and Richard Roe, second mortgagee, as interest may appear.

Second:—By making loss payable to John Doe, first mortgagee, as interest may appear, and remainder, if any, to Richard Roe, second mortgagee.

Sometimes a third method is adopted, viz., of attaching the full contribution mortgagee clause to policies which are issued separately, in favor of one or the other mortgagee interest, or in any case attaching it to the policies of the second mortgagee. This method is not recommended.

(2) INTEREST NOT INVALIDATED

That the insurance as to the interest of the mortgagee therein shall not be invalidated by any act or neglect of the insured, or of any tenant, or by any legal proceedings, or by change of title or occupancy or increase of hazard, provided, however, that the mortgagee shall notify the insurance company of any change of title or occupancy or increase of hazard that comes to his knowledge, and shall on demand pay the premium for such increased hazard.

Policy Void. If the mortgagee at the inception of the policy knows of conditions which render it void as to the insured, it is probably void also as to the mortgagee, but knowledge acquired by the mortgagee after the inception of the policy, except as to change of ownership or occupancy or increase of hazard, does not affect his rights.

This condition shows how thoroughly the interest of the mortgagee is protected against any act of the owner or tenant that does not come to his knowledge. On this point an eminent authority says: "If there are any rights or advantages which the mortgagee does not possess, it is either because he has not yet discovered them or has not gone after them, and more remarkable still is the fact that for all this the mortgagee pays nothing whatever. He gets without money and without price a contract which the mortgagor or owner of the best risk in the land cannot buy at any price."*

(3) LIABILITY FOR PREMIUM

That if the owner (insured) neglects to pay any premium due on the policy the mortgagee, on demand, shall pay the premium.

Payment of Premium. When the mortgagee himself orders the insurance he is expected to pay the premium in the ordinary course of business, but if the insured orders the insurance and does not pay the premium, then on demand the mortgagee must pay it within a reasonable time, or forfeit his rights under the contract. It is doubtful if the mortgagee can be held except for the proportion of the premium from the date of demand for premium to the expiration of the policy; or, in other words, it is doubtful whether in all cases he can be made to pay for that portion of the insurance which has already run at the time of demand for the premium, even though he has had the protection of the insurance during such time.

(4) CANCELLATION

That the interest of the mortgagee may be terminated (1) by cancellation of the policy, or (2) by cancellation of the mortgagee clause, but in either case the mortgagee must be given ten days' notice and his interest continues for ten days after notice is received. (See Cancellations.)

Note: Always keep address of all mortgagees, in case cancellation is necessary.

*"Wm. M. Bament, The Mortgagee Clause."

(5) SUBROGATION

That when the insurance company shall pay the mortgagee for a loss under the policy, and shall claim that as to the owner (insured) no liability existed, then the company shall, to the extent of such payment, be subrogated to all the rights of the mortgagee.

This means that the company will in such case have an interest in the mortgage to the extent of the amount of loss paid to the mortgagee. When subrogation to the rights of the mortgagee is to be taken, it is customary for the insurance company to pay the entire amount of the mortgage, which is then assigned to such company.

A Personal Contract. The loss payable and mortgagee clauses are personal; they protect the mortgagee, not the mortgage. Hence, if the mortgage is sold or transferred, the policy should be endorsed, making loss payable to the new mortgagee. If a mortgage is paid off and a new mortgage is executed to the same party, it is held to be a change of mortgage interest and to require endorsement on the policy. If the policy contains no provision making loss payable to a mortgagee there is no obligation on the company's part to pay such loss to the mortgagee. The mortgagee in such case has only such rights as are given him by the terms of his mortgage, and by the law, and these must be asserted in the proper manner in order to be effective.

Amount of Loss. The making of loss, if any, payable to a mortgagee, with or without a mortgagee clause, is not intended to waive the conditions of the policy relating to the *amount* of loss that is so payable; it merely stipulates, in this respect, that loss in such amount as may be duly ascertained to have been sustained, under the terms and conditions of the policy, shall be payable as provided.

Therefore, the loss payable, or the mortgagee clause, is not intended to waive the application of a coinsurance or average clause, or any other clause affecting the amount payable, or change in any way the application of the insurance.

The contention sometimes asserted that the mortgagee clause overrides such provisions and clauses and nullifies them in so far as the mortgagee is concerned does not coincide with the general understanding, and a mortgagee cannot safely rely

on such an extreme construction of the rights given to him under the mortgagee clause.

The following clause is sometimes used on a policy of insurance which is ordered and paid for by the mortgagee:

> "Loss, if any, to be adjusted with, payable to and recoverable by, ...Mortgagee. It is understood and agreed that if in the event of fire there is found to be in force any other insurance in this or any other Company, said other insurance shall not be considered as contributing insurance nor shall said other insurance pro rate with this Company as far as the interest of.....in said loss is concerned, unless said other insurance is also payable to.....as..... Mortgagee. It is further understood and agreed that it is the intent of this Company to reminburse.....as mortgagee for the full amount of his loss up to the amount of this policy, regardless of any other insurance (except such as may also be payable to him) which may have been effected on said property."

The best method of protecting all mortgagee interests, when there are two or more mortgages on the same property, is one of the questions that frequently arises, particularly with reference to the interest of the second and subsequent mortgages.

First and Subsequent Mortgagees. The method recommended by most authorities is to issue all insurance to the owner, with loss if any payable under a mortgagee clause to the first mortgagee, as interest may appear, remainder if any to second mortgagee, and so on. Unless complicated by some other question there should be no impairment of the security of any mortgagee interest if the full amount of the loss is paid to the first mortgagee, thereby reducing his mortgage interest by such sum, therefore, this method is equitable and in line with the principle of indemnity.

It has been claimed by some authorities that if property is encumbered by four mortgages and each mortgagee holds insurance for the full value of the property, payable to him alone under a mortgagee clause, that each set of insurance might be required to pay the full amount of any loss that was less than the mortgage interest covered thereby, which would therefore amount to paying four times the actual property loss. This is neither sensible nor equitable and it is at least doubtful whether any court would sustain such an uneconomical procedure. In fact there have been so many

conflicting decisions and opinions arising where mortgagees had separate insurance to protect their interests as to warrant the statement that no well settled principle has been laid down.

Certain it is that where each of two or more mortgagees obtains insurance, payable separately to him alone, all mortgagee interests are likely to be involved in questions of coinsurance, contribution, apportionment and subrogation which would be avoided if all insurance were made payable to all mortgagees in the customary manner.

CHATTEL MORTGAGE

Notice in Policy. Where a policy on personal property is made payable to a chattel mortgagee many companies will not permit the attachment of a mortgagee clause, being unwilling to give to the chattel mortgagee the benefit of that separate and broad contract. In such cases the payee clause is made to read, "Loss, if any, payable to John Doe as interest may appear (or as mortgage interest may appear), subject, nevertheless, to all the conditions of this policy." The exception to this rule is where a large enterprise, such as a railroad, has executed a mortgage, covering both real and personal property, to protect an issue of bonds, in which case there is usually no objection to making loss payable to the trustee for the bondholders, and attaching the mortgagee clause.

Where Permitted. While insurance companies do not as a rule regard chattel mortgaged property as a good insurance risk, there are circumstances under which they will accept lines with more or less freedom on the recommendation of the agent. For example, it is common for printing, shoe repair, embroidery, knitting and many other types of machinery sold on the installment plan to be mortgaged to the seller until all installments are paid. In such cases insurance is usually acceptable and sometimes the loss payable clause to "John Doe" is followed by a clause reading:

> "The right of recovery by John Doe of any loss or damage hereunder shall not be invalidated by any act or neglect of the insured."

Sometimes such policies are written jointly in the name of seller and purchaser "as interest may appear."

Other illustrations of chattel mortgaged property on which insurance is usually acceptable are:

The stock of an old established drug, grocery or jewelry concern that has been purchased by one familiar with the business, giving in payment part cash and protecting the balance by a purchase money mortgage, which is to be reduced in regular installments;

Stocks in warehouses mortgaged to a bank to protect a loan.

STOCKS IN WAREHOUSE MORTGAGED OR PLEDGED TO A BANK TO PROTECT THE LOAN

In a case of this kind it has been the custom to attach the simple loss payable clause, but this is not always satisfactory to the bank. The best method of protecting the bank's interest in goods pledged as collateral for loan is to issue the insurance to the owner of the goods, attaching a standard mortgagee clause making loss payable to the bank. Some companies might object to this course since it is against established practice to attach a mortgagee clause to policies covering personal property.

Another suggested method is to issue the policy to the bank "For Account of Whom It May Concern." This has the objection that it gives any one having an interest in the goods the right to make claim for a share of the insurance in case of loss. The filing of such a claim upon the bank or the insurance company would require recognition if the interest were valid. If no other interest made claim under the insurance the insurance company ordinarily would pay the amount of claim to the bank and take its receipt, but this might not secure for the bank the exclusive protection desired. Perhaps the most important objection to this method is a possible complication regarding contribution. Unless goods are described in the policy by marks or numbers or otherwise specifically identified insurance might and probably would apply to any property of the same kind in the same location insured in a similar manner. To illustrate: Smith borrows from the bank on collateral of sugar in warehouse. Jones borrows from the same bank on the same kind of collateral in same warehouse. The bank takes out separate insurance on each lot of sugar under the title "For Account of Whom It May Concern." There is little doubt that all such

policies covering sugar in warehouse would contribute with each other. Hence under-insurance in the aggregate, or insolvency of some one company, or other cause, might seriously complicate a situation so created.

Another suggested method is to issue policies to owner and/or bank as interest may appear with loss payable to the bank. Such a policy covers two separate and distinct interests—namely, ownership interest and lienor's interest—and has the advantage that in ordinary practice the bank may join in the adjustment of loss and would join in executing proofs, so that it would always be in touch with the claim. In the extreme case a bank would have the right to render independent proofs, making claim for loss to its interest as lienor. Such a policy probably would not be avoided by an act of the owner affecting the owner's interest, because the bank's interest is a separate and different subject of insurance even though joined in one policy contract with the ownership interest.

PAYEE INTERESTS

Where a policy contains the provision, "Loss, if any, payable to John Doe, as interest may appear," it has been understood that such a clause did not cause the insurance company to assume any obligation, nor the payee to receive any rights, beyond requiring that any money becoming due and payable by reason of loss under the policy shall be paid to said payee and that payee shall be notified in case the insurance company elects to cancel the policy. There is no disputing this view in so far as any payee interests are concerned except a mortgage interest, but the courts in some cases now seem to be leaning toward the view that the intent of such clause is to give the mortgagee an interest in the insurance that is superior to the owner's interest. No opinion is ventured on this point, and it is mentioned only to show the care that needs to be exercised in putting loss payable clauses on policies covering personal property.

The standard fire insurance policy of most States provides that insurance covering personal property is void if or while encumbered by a chattel mortgage unless assented to by the company. If the policy covering personal property contains the provision "Loss, if any, payable to John Doe" it is questionable if this puts the burden on the company of inquiring

why so made payable. But if the clause also contains the words "as interest may appear" then it is probable that if the company makes no inquiry, or if its agent knows the nature of the interest, that liability could not successfully be denied in case such interest was that of chattel mortgagee. In other words, it might be held that the company was put on notice and by accepting the insurance gave consent to the interest whatever it might be. On the other hand it should be borne in mind that making loss, if any, payable as interest may appear when interest is a mortgagee interest, does not ipso facto give the mortgagee all the specific rights contained in the mortgagee clause and an attempt on the part of the mortgagee to assert such rights might be resisted and lead to litigation that would not occur where the mortgagee clause was made a part of the policy. For this reason the simple loss payable clause should not be relied upon to protect the mortgagee interest to the same degree that would be given by attachment of the mortgagee clause.

CHAPTER XIV

IMPORTANT CLAUSES

Affecting Amount or Distribution of Liability

COINSURANCE CLAUSES — THEORY OF COINSURANCE — 5% WAIVER CLAUSE—COINSURANCE (FLOATING)—COINSURANCE AND LIMITATION CLAUSE—DISTRIBUTION CLAUSES—PRO RATA CLAUSES—THREE-FOURTHS VALUE CLAUSE—THREE-FOURTHS LOSS CLAUSE—TWO-THIRDS VACANCY CLAUSE.

Other Names. The use of coinsurance on fire insurance contracts is an adaptation of the average clause used in all marine insurance contracts and a principle that dates back to the earliest beginnings of maritime ventures. Such clauses in fire insurance contracts are also referred to as average clauses, contribution clauses, percentage coinsurance clauses, reduced rate average clauses, reduced rate coinsurance clauses and reduced rate contribution clauses, all having the same general meaning and effect, however worded, except possibly in cases of non-concurrency.

The following clauses will illustrate those in common use, though there are others with somewhat different wordings:

COINSURANCE CLAUSE

"It is hereby agreed that the assured shall maintain insurance during the life of this policy upon the property hereby insured to the extent of at least.....per cent. of the actual cash value at the time of the fire; and that failing so to do, the assured shall to the extent of such deficit bear his proportion of any loss."

AVERAGE CLAUSE

"This Company shall not be liable for a greater proportion of any loss or damage to the property described herein than the sum hereby insured bears to.....per cent. (.....%) of the actual cash value of said property at the time such loss shall happen, nor for more than the proportion which this policy bears to the total insurance thereon."

REDUCED RATE AVERAGE CLAUSE

"In consideration of the rate at and/or form under which this policy is written, it is expressly stipulated and made a condition of this contract, that this Company shall be held liable for no greater proportion of any loss than the amount hereby insured bears to.....per cent. of the actual cash value of the property described herein at the time when such loss shall happen; but if the total insurance upon such property exceeds.....per cent. at the time of such loss, then this company shall only be liable for the proportion which the sum hereby insured bears to such total insurance, not exceeding the actual amount of loss to the property insured."

PERCENTAGE VALUE CLAUSE

"If at the time of fire the whole amount of insurance on the property covered by this policy shall be less than..... per cent. of the actual cash value thereof, this company shall in case of loss or damage be liable for only such portion of such loss or damage as the amount insured by this policy shall bear to the said.....per cent. of the actual cash value of such property."

Whenever clauses of this kind are attached to policy, it is the custom to include therewith the following condition:

"If the insurance under this policy be divided into two or more items the foregoing conditions shall apply to each item separately."

The purpose of this clause is to avoid the possibility of there being sufficient insurance over the whole amount of property to comply with the 80 per cent clause, yet with some item covered by a specific amount of insurance very much less than the required 80 per cent, thus defeating the purpose of the 80 per cent clause.

Its Meaning. In effect the coinsurance or average clause constitutes an agreement between the insured and the company determining the proportion of any loss for which the latter shall be liable, same being contingent upon the amount of insurance maintained in proportion to the value of property covered.

If the 100 per cent (or full) coinsurance clause is used then the insured is entitled to recover such proportion of any *loss* as the total *insurance* bears to the total *value* of property covered.

Practically, if the insured maintains concurrent insurance equal to the value of property covered, the insurance pays all of any loss; if the insurance maintained is less than the value then it pays proportionately less of the loss. This is merely an example of the familiar "ratio and proportion" found in every arithmetic, and is usually clear to all.

Eighty Per Cent Clause. Where many experience difficulty is in explaining the 80 per cent coinsurance clause, yet its application is identical with the foregoing, being merely a requirement of 80 per cent insurance to value instead of 100 per cent. Hence, if the insured maintains concurrent insurance equal to 80 per cent (or more) of the value of property covered, the insurance pays all of any loss (not exceeding, of course, the amount of the insurance); if less than 80 per cent insurance is maintained, then same pays proportionately less of the loss.

Actual Application of the 80 Per Cent Coinsurance Clause: If the value of property covered is $7,500, the insured should carry at least $6,000 insurance, which is 80 per cent of the value. If he carries only $5,000 insurance then he is entitled to collect "no greater proportion of any **loss** than the **total insurance** ($5,000) bears to 80 per cent ($6,000) of the actual value ($7,500)" or $^{5000}/_{6000}$ths of the loss, himself bearing $^{1000}/_{6000}$ths thereof.

In other words he lacks $1,000 of the requisite amount and must stand the proportion of the loss which that $1,000 insurance would have paid. If the insurance carried is but $4,000, then it pays $^{4000}/_{6000}$ths of the loss and the insured bears $^{2000}/_{6000}$ths thereof. But if he carries $6,000 insurance, which is 80 per cent of the value, then he is entitled to collect $^{6000}/_{6000}$ths of the loss, namely, all of it.

Another method of illustration is as follows:

Value of Property	Amount of Ins. Required 80%	Insurance Carried	Loss	Insurance Pays	Insured Bears
$7500	$6000	$5000	$3500	$\frac{5000}{6000}$ of $3500=$2917	$\frac{1000}{6000}$ of $3500=$583
7500	6000	4000	3500	$\frac{4000}{6000}$ of $3500=$2333	$\frac{2000}{6000}$ of $3500=$1167
7500	6000	3000	3500	$\frac{3000}{6000}$ of $3500=$1750	$\frac{3000}{6000}$ of $3500=$1750
7500	6000	6000	3500	$\frac{6000}{6000}$ of $3500=$3500	$\frac{0}{6000}$ of $3500= 0

If in any particular case one wishes to know how much of a loss the insurance will pay, let him set down 80 **per cent** of the **total value** of the property covered, the total amount of the **insurance,** and the total amount of the **loss,** and then work out the example precisely as in the illustration.

This demonstration will usually make the explanation clear and understandable, even if it was not so previously.

Insurance May Exceed 80 Per Cent. There is nothing in the clause to prohibit more than 80 per cent insurance to value; thus if with a value of $7,500 there is $7,000 or $7,500 insurance it must pay all of any loss up to those amounts. Many think that the 80 per cent clause means that the insured is only entitled to collect 80 per cent of any loss that occurs, but that is untrue as the above clearly shows.

The four things to remember when using the 80 per cent clause are these:

1. That the 80 per cent clause does *not* mean that the insurance will pay only 80 per cent of any loss.

2. That if the insured fails to carry at least 80 per cent insurance to value, then, in effect, he insures himself for the amount lacking, and this self insurance must pay its proportion of any loss.

3. That if a *loss* equals or exceeds the percentage of value stipulated in the coinsurance clause the latter is inoperative.

4. To ascertain the value of property and then be careful to have concurrent insurance amounting to 80 per cent *or more* of such value, in which case the insured will be entitled to collect the loss just as if the clause was not attached to the policy.

One-hundred per cent (or full) and 90 per cent coinsurance clauses follow the same principle, merely substituting the percentage of insurance to be carried.

* * *

The Theory of Coinsurance. Fire insurance is a system of averages in the sense that premiums collected from all who insure, establish a fund for the payment of losses to those whose property is destroyed by fire. The cost of insurance, i.e., the rate of premium, varies in accordance with construction, hazard and means of extinguishing fire, and is reduced proportionately with the likelihood that fire occurring will

only partially destroy the property involved. Manifestly rates can be so reduced only when a *partial loss to property* will result in a proportionately *partial loss to insurance* thereon. Governed by the laws of average these rates cannot be fixed to justly and equitably distribute the burden of this fire cost unless the percentage of insurance carried to the value of property covered is about the same in each case, or else some limitation of liability for loss in the proportion that insurance bears to value, precisely as it is impossible to justly and equitably fix an average rate of city taxation unless the assessed valuation of all buildings is fixed at the same percentage of their full or market value.

Like a Tax Rate. It is therefore inequitable that one should insure for 50 per cent of value, another for 30 per cent, another for 80 per cent and another for 100 per cent, unless the insurance pays in like proportion on any loss that occurs, for otherwise some would pay less than their share of the average premiums while receiving full indemnity up to the amount of insurance carried. Every man expects to recover his loss in full, therefore he should pay his share of the average premium in full, or suffer the consequence of his neglect to bear his part of the burden.

Principles. These are the principles upon which the use of coinsurance is based, and its universal application to contracts of insurance will result in a more equitable distribution of the fire cost, and lower average rates of premium, than could possibly obtain without its adoption.

Waiver of Inventory. *Five Per Cent Waiver Clause. It is recognized that if large values are covered under an insurance policy it would work a hardship on the insured to require an inventory of the undamaged as well as the damaged property, hence there has arisen the use, in connection with the coinsurance clause, of the 5 per cent waiver clause, reading as follows, or in words of similar meaning:

> "In the event that the aggregate claim for any loss is both less than ten thousand dollars ($10,000) and less than five per cent. (5%) of the total amount of insurance upon the property described herein at the time such loss occurs, no special inventory or appraisement of the undamaged property shall be required."

*Sometimes "Two" instead of "Five."

> "If the insurance under this policy be divided into two or more items, the foregoing conditions shall apply to each item separately."

It will be observed that this does not waive the *application* of coinsurance clause; it merely waives the special inventory of undamaged property in cases where the loss has been agreed upon.

Floating Coinsurance Clause. A special coinsurance clause for use in writing floating policies in New York State reads as follows:

> "If any property included in the terms of this policy shall at the time of any loss be more specifically insured by this company or any other insurer, this policy shall extend to cover such property only so far as relates to any excess of value not covered by such other insurance, whether valid or not, and this policy shall be liable on such more specifically insured property only for such loss as shall be in excess of the amount payable by or recoverable from such more specific insurers, whether solvent or otherwise, but in no event shall this Company under this policy be liable for a greater proportion of any loss than the amount of this policy shall bear to.....per cent. (.....%) of the total cash value of the property covered by this policy (including such excess value) at the time of any loss."

Coinsurance and Limitation Clause. This is another special clause sometimes used in writing certain classes of property. Its use arose through the attempt to eliminate moral hazard by requiring that an insured must carry a certain fixed amount of insurance, yet must himself bear a certain amount of any loss sustained. The clause reads in various ways, of which the following is one form:

> If at the time of fire the whole amount of insurance on the property covered by this policy shall be less than (75) per cent. of the actual cash value thereof, this Company shall, in case of loss or damage, be liable for such portion only of the loss or damage as the amount insured by this policy shall bear to the said (75) per cent. of the actual cash value of such property; *provided*, that in case the whole insurance shall exceed (75) per cent. of the actual cash value of the property covered by this policy, this Company shall not be liable to pay more than its pro rata share of said (75) per cent. of the actual cash value of such property; and should the whole insurance at the time of fire exceed the said per cent. a pro rata return

of premium on such excess of insurance from the time of the fire to the expiration of this policy shall be made on surrender of the policy.

Effects Permission for Other Insurance. It should not be overlooked that the attachment of a coinsurance clause constitutes permission for insurance in amount equal to the percentage of value stipulated by such clause.

DISTRIBUTION CLAUSE

Sometimes called the AVERAGE CLAUSE, the AVERAGE DISTRIBUTION CLAUSE and the PRO RATA DISTRIBUTION CLAUSE. This clause reads in various ways, the following forms being in most common use:

"This policy shall attach in each building or location in the proportion that the value in each bears to the value in all."

"The amount of this policy shall attach pro rata with the value of property covered hereunder in each separate building or location."

"This insurance shall apply in both locations pro rata according to the value of the property covered."

"It is understood and agreed that the amount insured by this policy shall attach in each of the above named premises in that proportion of the amount hereby insured that the value of the property covered by this policy, contained in each of the said places, shall bear to the value of such property contained in all of the above named premises."

The foregoing clause is also used with the word "buildings" in place of the words "premises" or "places."

"It is understood and agreed that the amount insured by this policy shall attach in or on each building, shed and other structure and/or place in that proportion of the amount hereby insured that the value of the property covered by this policy in or on each said building, shed and other structure and/or place shall bear to the value of all the property described herein."

Distribution Clause (West)

"It is a condition of this policy that the amount insured hereunder shall attach in or on each building, shed and other structure and (or) place, in that proportion of the amount hereby insured that the value of the property covered by this policy in or on each said building, shed and other structure and (or) place, bears to the value of all property described herein."

Uniform Pro Rata Distribution Clause (East)

"It is a condition of this contract that the amount insured hereunder shall attach in or on each building, shed and other structure and/or place in that proportion of the amount hereby insured that the value of the property covered by this policy in or on each said building, shed and other structure and/or place shall bear to the value of all the property described herein."

The clause used in writing lumber in New York State reads as follows:

"It is a condition of this contract that the amount insured under this policy shall attach at the time of any loss in each building and/or shed and in each section of yard or piling ground as shall be separated by.....feet or more of CLEAR SPACE (platforms and tramways without lumber piled thereon not included) from any other building or section, in that proportion of the amount hereby insured that the value of the property covered by this policy in each such location shall bear to the value of such property in all such locations."

Where policy is written blanket on building and contents, and the rule requires a specific amount on building, on machinery and on stock, the following distribution clause will serve the purpose if there is no prescribed form:

"This policy shall attach separately on building, on machinery and on stock therein, in the proportion that the value of each bears to the value of all."

Where there is more than one building, and it is desired to write buildings, machinery and stock blanket, with distribution clause applying separately to each building, to the machinery in each and to the stock in each, the following form of clause will serve if there is no prescribed form:

"This policy shall attach separately on each building, on the machinery in each building and on the stock in each building, in the proportion that the value of each such subject bears to the value of all."

The meaning and application of all such clauses follow the same principle, and can hardly be explained any more simply and clearly than by the clauses themselves. The distribution clause automatically makes a policy specific, for under its operation the insurance follows the value of property proportionately in the various buildings or locations, or, expressed

another way, the insurance attaches specifically in the various buildings or locations proportionately with the value of property covered. This may be illustrated as follows:

If a $20,000 policy is distributed over five items aggregating $30,000 in value as shown below, then "This insurance ($20,000) shall cover in each building (or location) in the proportion that the value in each bears to the value in all," with the following result:

	Value	Proportion	Insurance
Building 1	$4,000	4/30ths	$2,666.67
Building 2	6,000	6/30ths	4,000.00
Building 3	12,000	12/30ths	8,000.00
Building 4	5,000	5/30ths	3,333.33
Building 5	3,000	3/30ths	2,000.00
Totals	$30,000	30/30ths	$20,000.00

When Used. The distribution clause is designed for use when property constituting two or more separate risks, not likely to be involved in any one fire, is written under a blanket form, for without its use the insurance would have to be made to cover for specific amounts at each location, otherwise the 90 per cent or 100 per cent coinsurance clause made a part of the contract. (See Blanket Forms.) There is usually no reason for its use when insuring buildings, for their values are not subject to much fluctuation; its advantage lies in covering contents (either machinery or stock) under a blanket form where the values are shifting from building to building, or location to location, yet are fairly stable in the aggregate, for it is not always feasible with such shifting values to carry specific amounts in each building or location.

The blanket form is often used with the distribution clause and the 80 per cent coinsurance clause and the advantage here lies in securing the benefit of the lower rates offered for the use of coinsurance without having to carry specific amounts in each building or location as is otherwise required when the 80 per cent clause alone is used. As has been stated, it is not always feasible to maintain just the right amount of insurance in each place separately, whereas it is usually easy to keep track of the values as a whole, and

thus to comply with the conditions of the coinsurance clause. It also gives a wider margin for fluctuations of values, so that there is less likelihood of having insufficient insurance, and thus having to bear a part of the loss; besides there is the saving in the expense of the extra 10 per cent or 20 per cent insurance that would be needed to comply with the 90 per cent or 100 per cent clauses.

What Is Necessary. The insured should be cautioned and made to clearly understand that when the distribution clause is used he must carry sufficient insurance in the aggregate to supply his requirements in any particular building or location as to the amount of indemnity needed, knowing that whatever amount of insurance is maintained in proportion to the *total value* of the property covered will apply in the *same relative proportion* to the value of such property in each specific building or location. Also that he must carry enough insurance to value in the aggregate to supply his needs with reference to the coinsurance clause if one is attached to his policies. Sometimes the distribution clause is used with the 90 per cent coinsurance clause, but it is not used with the 100 per cent clause for obvious reasons.

Disadvantage. There is no disadvantage to the insured in the use of a blanket form with the distribution clause and the 80 per cent clause, as compared with a form covering specifically each separate building and/or contents with the 80 per cent clause, assuming that the same relative amount of insurance is to be maintained in each case; nor as compared with a blanket form and the 100 per cent clause (except that he may have less insurance): But there is one disadvantage as compared with a blanket form and the 90 per cent clause without the distribution clause, viz., that when the 90 per cent clause alone is used, and the insurance maintained is not less than 90 per cent of the total value of all the property covered, then if the property covered in any one location is entirely destroyed by fire the whole amount of the policy applies thereon and therefore the entire loss is paid out of the insurance, whereas if the distribution clause also were used the insurance would apply on such property only in the same proportion that the whole insurance bore to the whole value, and the available insurance might therefore be exhausted before the entire loss was

paid subject to the distribution clause. For example, 6 buildings valued at $40,000, insurance $36,000, value building destroyed $10,000, loss $10,000, insurance applying $9,000, insurance pays $9,000.

PRO RATA CLAUSE

This clause commonly reads: "This policy covers pro rata of each of the above amounts aggregating $....," and means that the amount of the policy applies on each item in the same percentage that the whole amount of the policy bears to the whole amount of the items. For example, if a $5,000 policy applies pro rata over items aggregating $20,000, then 5/20 or 1/4 of the policy will apply on each item, which is illustrated as follows:

Item 1	$9,000	Policy covers	$2,250
Item 2	7,000	Policy covers	1,750
Item 3	4,000	Policy covers	1,000
Total	$20,000	Policy covers	$5,000

It will be seen therefore that the pro rata clause makes the policy apply specifically and proportionately on each item, and this is true whether the amount of the policy is greater or less than the aggregate of the items.

If the foregoing example be reversed, it will illustrate the latter; thus a $20,000 policy applies pro rata over items aggregating $5,000 and then 20/5 or four times the policy will apply on each item, which is illustrated as follows:

Item 1	$2,250	Policy covers	$9,000
Item 2	1,750	Policy covers	7,000
Item 3	1,000	Policy covers	4,000
Total	$5,000	Policy covers	$20,000

Sometimes it is the desire not to have the form disclose how large an amount of insurance is carried, and for this reason the amount stated in the form as applying on each item will be less than the actual amount of insurance carried on such item. A favorite method is to make each item of the form show some fraction of the real amount of insurance, for instance, one-quarter; thus, if the real amount under all the items aggregates $200,000, then the amount filled in for each item is 1/4 of the real amount applying on such item, and the sum of the items is $50,000. Each policy stipulates that it covers pro rata of all the items, and a total of $200,000 insurance is then written under such form. If during the term of the insurance an increased amount is needed on any one item, it is usually simpler to place separate insurance covering specifically on such item for the additional amount required rather than to change the item on all of the pro rata policies.

THREE-FOURTHS VALUE AND THREE-FOURTHS LOSS CLAUSES

In some sections of the United States a clause is required limiting recovery either to three-fourths of the cash value of property covered, or, to three-fourths of any loss sustained, the object being to eliminate moral hazard in so far as that may be accomplished by making the insured sustain a part of any loss that occurs. These clauses are variously worded, the following being commonly used forms:

THREE-FOURTHS VALUE CLAUSE

"It is a part of the consideration of this policy and the basis upon which the rate of premium is fixed, that, in the event of loss, this company shall not be liable for an amount greater than three-fourths of the actual cash value of the property covered by this policy at the time of such loss, and in case of other insurance, whether policies are concurrent or not, then for only its PRO RATA proportion of such three-fourths value."

"If this policy be divided into two or more items, the foregoing conditions shall apply to each item separately."

"Total insurance permitted is hereby limited to three-fourths of the actual cash value of the property hereby covered and to be concurrent herewith."

THREE-FOURTHS VALUE CLAUSE (Another Form)

"It is understood and agreed to be a condition of this insurance, that, in the event of loss or damage by fire to the property insured under this policy, this company shall not be liable for an amount greater than three-fourths of the actual cash value of each item of property covered by this policy (not exceeding the amount insured on each such item) at the time immediately preceding such loss or damage; and in the event of additional insurance, if any is permitted thereon, then this company shall be liable for its proportion only of three-fourths

such cash value of each item insured at the time of fire, not exceeding the amount insured on each such item."

"$..... other insurance, warranted concurrent herewith, permitted."

"It is understood and agreed that no additional insurance is permitted unless amount allowed is entered in blank space in paragraph next above."

THREE-FOURTHS LOSS CLAUSE

"It is understood and agreed to be a condition of this insurance, that, in the event of loss or damage under this policy, this company shall not be liable for an amount greater than three-fourths of such loss (not exceeding the sum insured) and, in the event of additional insurance permitted thereon, then this company shall not be liable for an amount greater than its proportion of three-fourths of such loss; in both events the other one-fourth to be borne by the insured."

Explanation. The essential difference between the two clauses is, that, under the three-fourths value clause the company is liable for any loss that does not amount to more than three-fourths of the actual cash value of the property covered, and therefore it really does not operate to make the insured stand any portion of his loss unless such loss exceeds three-fourths of the actual cash value; but, under the three-fourths loss clause the company is liable only for three-fourths of *any* loss that occurs, and the insured bears one-fourth of any loss. It will be seen, therefore, that the three-fourths loss clause should act as a greater deterrent to carelessness, and presumably has a greater moral effect than the three-fourths value clause.

TWO-THIRDS VACANCY CLAUSE

Vacancy, and to a less extent unoccupancy, is recognized as increasing the hazard of fire. With both there is the danger that tramps, or boys, or other unauthorized persons, may enter premises, and, by carelessness or with malicious intent, set fire thereto. Then, too, property deteriorates rapidly unless it is in use and thus values are reduced—such a condition always creating a potential moral hazard

Frequently a charge is made for either vacancy or unoccupancy, but in lieu of a charge the two-thirds vacancy clause is sometimes attached to the policy containing it in force for only two-thirds of its amount or for only two-

thirds of any loss during the time of such vacancy or unoccupancy.

Two forms of clauses are given herewith:

Two-Thirds Vacancy Clause. "The.....Insurance Company hereby consents that the building above described may remain vacant for a period of not exceeding.....days from date hereof, to expire at noon.

"And in consideration of the increased hazard occasioned by vacancy, and in lieu of additional premium therefor, it is hereby AGREED that while the premises so remain vacant under this permit the amount of insurance under this policy shall be reduced one-third; and when attached to a policy covering more than one item, the amount of insurance on each item shall be considered as having been reduced to the extent above named. This permit is given and accepted under the foregoing conditions."

Two-Thirds Vacancy or Unoccupancy and Loss Clause. "Permission is hereby given that the premises described herein may remain vacant or unoccupied from the.....day of..... 19.. to the .....day of.....19.., at noon.

"And in consideration of the increased hazard by reason of such vacancy or unoccupancy it is hereby understood and agreed, that, during such vacancy or unoccupancy ONE-THIRD of the amount of the insurance hereunder shall be and remain suspended and of no effect, and in case of loss this company shall not be liable to pay or make good to the insured exceeding TWO-THIRDS of the amount insured on said premises, not exceeding TWO-THIRDS of the amount of loss or damage thereto."

To either of the above clauses other conditions are sometimes added, for example:

"Provided, also, that while said building is vacant (or unoccupied), the doors and windows shall be securely fastened, and the premises be in charge of a competent person who shall from time to time personally examine the same."

"It is understood and agreed between this company and the insured that the building shall be under the supervision and care of some competent person during such time, and the doors and windows securely closed and locked or bolted, and all rubbish removed from said building; otherwise this policy is null and void."

CHAPTER XV

SPECIAL KINDS OF INSURANCE

Written by Fire Insurance Companies

AIRCRAFT—AIRCRAFT AND MOTOR VEHICLE PROPERTY DAMAGE—AUTOMOBILE—CROP—EARTHQUAKE—EXPLOSION, RIOT AND CIVIL COMMOTION (INCLUDING STRIKE)—HAIL—SPRINKLER LEAKAGE—SMOKE DAMAGE—SUPPLEMENTAL COVERS—TORNADO.

Aircraft Insurance. The marked developments in designing, manufacturing and flying heavier-than-air machines that took place during the war have led to greatly increased use since then of both aeroplanes and hydroplanes for pleasure and commercial purposes. During the past few years travel by air for business purposes, for pleasure, for sport, or for convenience has become almost a national habit. The development of aviation insurance has kept pace with the development of the aircraft industry so that now such insurance instead of being a novelty is almost commonplace, although it is a highly specialized class and is handled almost entirely by men of long training and experience in aviation insurance. Complete insurance protection is available for commercial or pleasure aircraft, whether owned by aviation companies or by individuals.

The form of policy used is similar in many respects to that developed for insuring automobiles. The rates take into account the type of aircraft, its operation and many other considerations including the classification of the pilot as regards his training, experience and record. All of the following perils may be covered by the policies of stock fire insurance companies:

Fire and Lightning Under All Circumstances, Excluding Fire Following Crash. Fire, lightning, self-ignition or explosion occurring while the aircraft is in flight or not in flight, excluding, other than while taxiing, loss or damage by fire or explosion where such fire or explosion is directly or indirectly the result of a collision between the aircraft

and the ground, water or other object, whether or not such fire or explosion occurs at the time and place of collision.

Fire and Lightning While the Aircraft is not in Flight. Fire, lightning, self-ignition or explosion occurring only while the aircraft is not in flight, including loss or damage from fire or explosion arising during, or as a result of, the starting, attempt to start, or running of any engine installed in the aircraft, but excluding loss or damage by fire or explosion while taxiing.

Transportation. The stranding, sinking, burning, collision or derailment of any conveyance in or upon which the aircraft, when properly dismantled and prepared for shipment, is being transported on land or water, within the geographical limits specified in the policy, including general average and salvage charges for which the insured is legally liable.

Crash Damage. Accidental collision with the ground, water, or other object, only while the aircraft is in flight, including loss or damage directly or indirectly the result of fire or explosion occurring immediately after such collision. Mechanical breakages and/or structural failures are not covered, but the loss or damage caused by accidental collision as herein defined is covered hereunder although such collision was caused by mechanical breakage or structural failure.

Tornado, Cyclone and Windstorm. Tornado, cyclone or windstorm, except while aircraft is in flight or taxiing, or while in the open and not properly pegged down and secured, reasonable parking excepted.

Land Damage. (Applicable to land-alighting aircraft and amphibious aircraft while on land). Damage to the aircraft insured while not in flight or taxiing caused by hail or by colliding or being struck by other aircraft, vehicle or object (excluding any aircraft, vehicle or moving object owned or operated by the insured or any of his employees), but excluding damage caused by any other peril described in the policy.

Mooring Damage. (Applicable to flying boats, seaplanes and amphibious aircraft while on water). Damage to the aircraft insured while anchored or moored to a dock, wharf, pier or buoy, caused by stranding, sinking, striking of such

dock, wharf, pier or buoy, striking by other aircraft, vessel, or floating or submerged object (excluding aircraft, vessel, or other object owned or operated by the insured or any of his employees), excluding loss or damage caused by ice.

Theft, Robbery and Pilferage. Theft, robbery and pilferage, including damage done to aircraft by thieves, except by any person or persons in the insured's household or in the insured's service or employment, whether the theft, robbery or pilferage occurs during the hours of such service or employment or not, and excepting by any person, or agent thereof, or by the agent of any firm or corporation to which person, firm or corporation the insured, or any one acting under express or implied authority of the insured, voluntarily parts with title and/or possession, whether or not induced so to do by any fraudulent scheme, trick, device or false pretense. This policy does not insure against the wrongful conversion, embezzlement, or secretion by a mortgagor, vendee, lessee or other person in lawful possession of the insured property under a mortgage, conditional sale, lease or other contract or agreement, whether written or verbal.

Property Damage. Insurance may also be obtained to cover the liability of the owner of a plane for property damage he may cause due to the falling of the plane or its misdirection.

In addition to the above coverages, the following coverages are available through Casualty companies transacting aviation insurance so that fully rounded out insurance protection is available to any owner or traveler in aircraft:

Public Liability (excluding passengers),
Passenger Liability,
Property Damage,
Personal Accident,
Workmen's Compensation and Employer's Liability.

As the rates for any of the above coverages are based entirely on the merits of a particular risk, it is most important that on submission of a risk for rating, the fullest information as set out in the application forms should be given, and this should be supplemented by other facts surrounding the risk which would have a bearing on the matter of rate.

Aircraft and Motor Vehicle Property Damage Insurance. This form of insurance covers against all direct loss and damage by airplanes, airships, and/or other aerial craft, or objects falling therefrom, and by automobiles or other motor vehicles. There have been numerous cases of such damage, perhaps the most notable being where an airplane crashed into the dome of the Illinois Trust Company in Chicago several years ago; and another case where one crashed into the roof of the summer residence of the Governor of New Jersey. Such liability has been purchased by owners of all kinds of property, especially properties in the vicinity of airports or along regular lanes of aerial travel. A number of golf clubs are purchasers due to the fact that their courses often make an ideal emergency field and considerable damage may be done to fairways and greens by such landings. Rates are very moderate.

Automobile Insurance. Under this general term is included insurance of all motor vehicles whether electric, gasoline, steam, or oil engines (Diesel); and whether pleasure or business cars, or buses, trucks, trailers, tractors, motorcycles or special cars for special uses. The premiums developed for this class of business have become very large, being around $172,000,000 (1938) written by fire companies and if the personal liability and property damage insurance written by casualty companies is included that adds over $358,000,000 (1938). It is estimated that there are nearly 29,200,000 (1938) motor vehicles in use in the United States and about 43,000,000 (1938) in the whole world. This shows how much larger field there is for this type of insurance in the United States than in other countries; in fact, only about one motor vehicle in four is insured at the present time, so the field for developing further business is a large and growing one. The great bulk of cars are of the pleasure type, gasoline driven and individually owned, but the use of truck for delivery, hauling and other purposes is constantly on the increase.

Comprehensive or Multiple Peril Auto Policy. Automobile insurance is written by capital stock fire insurance companies and by automobile mutuals and reciprocals. An increasingly popular form is the Comprehensive or Multiple Peril Automobile Policy, covering either for a stated amount or for the "actual cash value" of the car. Both the private passenger and commercial automobile may be insured under

the comprehensive form but only the comprehensive stated amount policy may be issued for commercial vehicles. Such policies cover any loss or damage to the automobile and the equipment attached, including breakage of glass and damage caused directly by tornado, cyclone, windstorm, hail, falling aircraft or parts thereof, and damage resulting from theft, earthquake, explosion, malicious mischief, strike, insurrection, or civil commotion.

This comprehensive policy contains certain exclusions, such as depreciation, loss of robes, wearing apparel or other personal effects, loss of tools or repair equipment by theft, robbery or pilferage unless the entire automobile is stolen; loss or damage caused by impact of an "automobile" against an "automobile" with which it is coupled, by wrongful conversion, embezzlement or secretion, by war or by confiscation; loss by mechanical or electrical breakdown; failures or breakages, freezing and damage to tires unless as a result of one of the perils assumed. The policy may be extended to cover collision with exemption of losses less than $25, $50 or $100, or other agreed figure. Dealers', some public and miscellaneous types of vehicles are not generally written under the comprehensive form but under the standard stated amount contract. Under either the stated amount or the actual cash value form the following general perils may be covered:

Fire, Lightning and Transportation. Covers the automobile and its equipment wherever it may be in the United States and Canada against loss by fire arising from any cause whatsoever and lightning; also while being transported in any conveyance by land or water, caused by the stranding, sinking, collision, burning or derailment of such conveyance, including general average and salvage charges for which the insured is legally liable.

Theft, Robbery and Pilferage. Covers loss by theft, robbery and pilferage except by any person or persons in the insured's household or service or employment, whether during the hours of such service or employment or not; excludes wrongful conversion, embezzlement, or secretion by a mortgagor, vendee, lessee, or other person in lawful possession under a mortgage, conditional sale, lease, or other contract or agreement; or theft, robbery or pilferage of tools or repair equipment unless entire automobile is stolen.

Parting with the car by any fraudulent scheme, trick, device, or false pretense is not covered.

Tornado, Cyclone, Windstorm, Hail, Earthquake, Explosion and Water Damage. These perils are covered, excluding damage by rain, sleet, snow, flood, rupture of tires, or explosion in engine.

Collision or Upset. Covers Accidental Collision or Upset except fortuitous damage to tires, loss while automobile is in race or speed contest, or operated by any person under the age limit fixed by law or less than fourteen years old. Also excludes loss if automobile is used as a public or livery conveyance if carrying passengers for compensation; or if rented under contract or while used in any illicit trade or transportation. Note: There are various forms of collision covers in use with different amounts of deductible.

Property Damage. Covers insured's legal liability to other persons for injury to or destruction of property of such persons, including resultant loss of use of such property, and in addition thereto legal expenses incurred by the insured, with the consent of the company, in connection with such injury or destruction resulting solely and directly from the ownership, maintenance or use of the automobile, providing it occurs during the period covered by the policy. This cover excludes property of the insured, or in charge of the insured or any of his employees, or carried in or on the automobile described. Limit of liability is usually $5,000 and is subject to the same exclusions as in the case of the collision or upset cover.

There are special provisions and rules with respect to insurance of pleasure cars, whether in the hands of private owners, dealers, manufacturers or for public uses. Likewise respecting ambulances, buses, fire department apparatus, funeral cars, hearses, police patrol cars, street sprinklers and sweepers, tractors, trailers, trucks, taxicabs, drive-it-yourself cars and automobile homes; also motorcycles and fleets of motor vehicles of all kinds.

For rate making purposes, motor vehicles are divided into four general classes, (1) private passenger cars, (2) commercial cars, (3) public automobiles and (4) dealers' and manufacturers' cars. Manuals are published containing all the rates, rules and forms for all cars included in these

groups that are on the market and in use, showing the year of manufacture of the various models with their horse power, list price, etc., for each make.

Finance Business. Special forms and rates are applicable to what is known as finance business. A finance account is one under which an individual, firm or corporation financing the retail sale of automobiles agrees to place with an insurance company the insurance on automobiles sold at retail. There are two classes of finance accounts, major and local. A major account is one where not less than 5,000 automobiles a year are financed and the local is an account of not less than 50 cars nor more than 5,000.

Finance accounts insuring pleasure type cars are written under the stated amount, actual cash value or comprehensive form of policy. Where double interest (viz., Finance Company and purchaser) is insured under a finance account, regular rates applicable to the car insured in the territory involved are used. If the finance company desires its interest only insured, companies will write single interest fire, theft, collision, wrongful conversion, embezzlement or secretion at special rates and minimum premiums. Local finance accounts are very often controlled by local banks or small local finance companies, whereas the major accounts are obtained from large finance corporations usually specializing in the financing of automobiles.

Collateral Loan and/or Refinance Business, Also Known as Chattel Loan Insurance. A collateral loan and refinance account is one under which an individual, firm or corporation loans or advances money, the collateral for which loan or advance is an automobile. There are two classes of accounts, local and major, the same as in regular finance business. The interest of the collateral loan company and the borrower may be covered for double interest fire, theft, collision and miscellaneous covers, or, a collateral loan contract may be issued to cover the interest only of the refinance company for single interest fire, theft, collision, wrongful conversion, embezzlement or secretion. The same rates and premiums that apply on the regular finance business are also used for collateral loan and refinance insurance.

Automobile Fleets. Many insurance companies will promulgate special fire and theft rates, also rates for comprehensive form, to cover fleets of five or more automobiles

under one ownership where the vehicles are used for business purposes. The rate depends on the number of cars insured, previous loss experience and contents fire rate of garage where customarily stored. They will also promulgate a special collision rate for a fleet of five or more vehicles under one ownership used in the insured's business. Such rate is based on the number of units to be insured and the previous collision loss experience.

Combined Policies. It should also be mentioned that a very considerable amount of automobile business is written under what is known as a combined policy, issued jointly by a fire company and a casualty company, two separate corporate entities. In such case the fire company assumes as a rule all of the perils on which cover is desired except personal liability and property damage which are normally assumed by the casualty company. The statutes of many states define the kinds of insurance which may be written by a fire company and by a casualty company and because of this line of demarcation all of the perils assumed under a combined policy cannot be written either by a fire company only or by a casualty company only in any of the states having such provisions. Hence the combination policy.

There are many varieties of special forms, rates and rules that have been developed to care for the various conditions of the business and the uses to which motor vehicles have been adapted, and for dealers' open policies, manufacturers' output and others, and fleets of cars, including all of the types of cars previously mentioned.

There are a number of special endorsements that may be attached to policies under certain conditions. Among these may be mentioned: Additional Body or Equipment; Auto Homes; Automatic Coverage; Dealer's Endorsement; Dealer's Open Lot; Farm Tractor; Driveaway; Floor and Rising Water; Limitation of Use (Commercial Automobiles); Mexican Endorsement; Monthly Reduction; Plate Glass; Personal Effects; Riot and Civil Commotion; Special Combined Additional Coverage; Three-fourths Value Clause; Towing and Road Service.

Another interesting form of cover is Garage Keeper's Liability insured under the following form, which is self-explanatory.

GARAGE KEEPER'S LEGAL LIABILITY COVERAGE

(1) This Policy covers the Assured's legal liability for direct loss or damage caused by Perils hereinafter named in Paragraph 2 to automobiles which are the property of others and in the custody of the Assured for storage, repairs or safe-keeping, only while said automobiles are in or on the premises described below, or while temporarily removed therefrom for the purpose of testing in connection with repairs made by the Assured, or calling for or delivering, in accordance with contract between the Assured and the Owner. This Policy shall also cover legal expenses incurred by the Assured with the consent of this Company in connection with the coverage granted hereunder.

(2) The Perils against which the Assured's legal liability is covered are as follows:

A. Fire and Explosion (except explosion of tires).

B. Theft.

C. Accidental Collision or Upset where the damage from such collision or upset to the automobile is in excess of $100.00, each accident being deemed a separate claim, and said sum to be deducted from the amount of each claim when determined.

The definition of Perils Insured Against appearing in the printed conditions of the Policy to which this form is attached is hereby expunged.

(3) This Company shall not be liable for:

A. Theft, unless such theft is of an entire automobile;

B. Loss of or damage to robes, wearing apparel, personal effects, or merchandise of any description, whether the automobile in which they are contained is stolen or damaged or not;

C. Loss of or damage to any automobile owned by the Assured or his family or employees or if the Assured be a co-partnership, by any member thereof or his family or if the Assured be a corporation, by any officer thereof or his family;

D. Any claim hereunder if at the time of the loss or damage in connection with which such claim is made there shall be any other insurance, whether valid or not, covering the Assured's legal liability therefor.

(4) The maximum Liability of this Company by reason of any peril insured against shall not exceed the amount stated in the schedule of Locations and Limits

(5) It is a condition of this Policy and the basis upon which the premium is fixed that the number of automobiles in the custody of the Assured for storage, repairs or safe-keeping in or on each of the premises described in the schedule of Locations and Limits hereinafter, shall not exceed the number specified in such

LOCATION	Maximum Number of Automobiles	Limit of Maximum Liability	"A-B" Fire, Theft and Explosion Prem.	"C" Collision ($100 Ded.)

Total Premium.....

schedule. If at the time of loss there were in or on the premises where the loss or damage occurred, automobiles of others in custody of the Assured in excess of the limit stated for such location, then this Company shall not be liable for a greater proportion of the amount for which it otherwise would be liable than the number of such automobiles stated in such location limit bears to the number of such automobiles in or on such premises at the time the loss or damage occurred.

(6) The premises of the Assured, the limit of this Company's liability in each, and the maximum number of automobiles, of others to be stored in or at each location are as follows, and insurance is granted and effected by this form for only such of the following sections "A, B, and C" as are shown herein to have been charged for under corresponding premium charges.

(7) The Assured shall maintain a permanent record of every automobile the property of others placed in his custody for storage, repairs or safe-keeping and the Company or its duly authorized representative shall be permitted at all reasonable times to examine the books, records and files of the Assured for the purpose of determining any facts relating to insurance hereunder.

(8) This policy does not cover liability assumed by the Assured under any contract or agreement, oral or written, nor liability for failure properly to perform a contract obligation.

(9) If a claim be made or action brought against the Assured on account of loss or damage, liability for which is covered hereunder he shall immediately notify the Company and promptly forward to it every summons or other paper or process served upon or received by him in connection therewith.

(10) The Assured, whenever requested by this Company, shall aid in effecting settlement, securing information and evidence, and the attendance of witnesses, but the Assured without the written consent of the Company previously given, shall not voluntarily assume any liability, or interfere in any negotiation for settlement or in any legal proceeding, or incur any expense, or settle any claim, except at his own cost.

(11) The conditions of this endorsement supersede any of the printed conditions of the Policy in conflict therewith but all other terms and conditions of the Policy remain unchanged.

Crop Insurance. There have been several attempts on the part of mutual and stock companies to insure growing crops against damage from various and sundry causes, but so far these have not been successful from all standpoints and the sale of such indemnity upon well settled principles has not yet been developed to a point where it is readily available upon satisfactory terms and under a satisfactory contract to all purchasers. There have been three general plans tried. The first plan contemplated insurance covering all the hazards to which crops are subject with the exception of fire, floods, winterkill and failure on the part of the farmer to properly till and care for his crops, the amount of insurance being fixed at a uniform sum for each acre insured.

Under the second plan the amount of insurance to be written per acre was fixed on the basis of actual investment in the crop by placing a specified value on each operation in preparing the soil and tilling and harvesting the crop, then adding to this sum a reasonable allowance for seed and

rental value of the land. It undertook to insure loss or damage by the elements, including frost, winterkill, flood and drought, and from insects or disease, but not if resulting from fire, hail, wind, tornado, failure of the seed to germinate, or failure on the part of the farmer to properly do his part in seeding, cultivating or harvesting the crop.

Under the third plan the basis for determining the amount of insurance is the average yield during the past five years together with the price of the product during the same period.

The rates that have been charged average around 7 or 8 per cent and the following are some of the provisions which have been contained in the specially prepared policies used for this class of indemnity.

"In case the crop insured hereunder shall be totally destroyed and/or abandoned by reason of any of the hazards insured against, before the time of harvest, the liability of this company shall not exceed 75% of the cost of crop operations actually performed up to the time of such total destruction or abandonment, nor more than 75% of the amount insured thereunder."

"If at the time of harvest and/or threshing the crop yield by reason of any other hazards insured against does not equal or exceed in quantity the estimated yield set forth in the insured's application, the company's liability for deficiency in crop yield shall not exceed that proportion of the amount insured hereunder that the deficiency in the crop yield below the estimated yield bears to the estimated yield, but in no event shall this company be liable for deficiency in crop yield in case the crop harvested shall, by standard measure, or in the case of a crop which requires to be threshed, by threshing machine measure, equal or exceed the estimated yield set forth in the insured's application attached hereto.

"If at the time of harvest and/or threshing it shall be proved by the insured that the crop harvested has suffered damage in quality by reason of any of the hazards insured against hereunder, the liability of this company for such damage shall not exceed the same percentage of the amount of insurance remaining, after deducting from the total amount insured, the amount, if any, allowed for deficiency in crop yield as the ascertained percentage of damage to the crop harvested.

"In no event shall the liability of this company exceed what it would cost at the time of harvest and/or threshing to replace or make good any part or all of the estimated yield set forth in the application with products of like kind and sound quality; no more than the amount, if any, by which the amount insured shall exceed the market value of the crop harvested."

The Government has interested itself in this subject and published bulletin No. 1043 of the Department of Agriculture as of January 23, 1922, which goes into considerable explanation of the whole subject.

The real need for crop investment insurance comes not only from the farmer but also from bankers and merchants who are interested as creditors to a large extent dependent on successful crops for the liquidation of debts for money loaned or goods sold on credit. A plan for crop insurance which is equitable, economical and practical would tend to place farming on a better business basis than it can be where the farmer himself takes the whole risk of loss by drought, insects or other perils. To make it successful, however, there needs to be a degree of honesty, understanding and cooperation that human nature has rarely evidenced, and it is unlikely that the cost of inspection, adjustment of losses and other necessary supervision could ever be covered by rates of premium that farmers could afford to pay.

Earthquake Insurance. This form of insurance has a very limited demand, being confined almost exclusively to the Pacific Coast. When written, either a special earthquake policy is used, or in lieu thereof the standard fire policy with a special form which provides:

That the word earthquake shall be substituted for the word fire wherever the latter occurs in the printed portions of the policy;

That the Company shall not be liable for loss or damage caused by fire, whether the fire be caused by earthquake or otherwise;

That if the property be damaged or destroyed partly by earthquake and partly by fire, the Company shall not be liable for a greater amount than the difference between the actual cash value of the property at the time of such loss or damage and the actual cash value of the portion of said property destroyed by fire.

In addition to the foregoing, certain provisions of the printed portions of the policy are eliminated, being the

cease operations, the mechanics, the fallen building, and the vacancy or unoccupancy, clauses, and those provisions relating to illuminating gas, and the keeping of certain enumerated articles such as benzine, fireworks, etc.

Loss exemption clauses are usually a part of the contract and some percentage of coinsurance is usually required except on dwelling properties. Rates, generally speaking, are low and vary quite materially according to certain defined zones and according to the construction of the property, the lowest obtainable rate in the most favorable zone anywhere in the Continental United States being about 2½ cents per hundred. Contents are also divided into classes according to estimated damagability by earthquake and rates therefor vary accordingly. Rates in the Pacific Coast States because of earthquake frequency are considerably higher than in the balance of the United States.

Insurance may be obtained on rent, rental value, use and occupancy, leasehold, legal liability and other losses that may flow from earthquake damage. On the Pacific Coast for a time single interest earthquake insurance was sold intended to cover only a mortgagee interest to the extent that damage by earthquake impaired such interest.

Explosion, Riot and Civil Commotion (sometimes called "Strike" insurance). This class of indemnity, inaugurated in somewhat different form during the late war, is given permanent value and salability by the complexities and problems of present business and social conditions.

The developments that have accompanied modern manufacturing methods, processes and machinery and the increasing use of various chemicals and of gasoline, naphtha, acetylene and oil fuel, bring possibilities of explosion formerly unknown or rare, so that severe damages not covered by the regular fire insurance policy may easily occur.

The industrial and social disorders developed by present conditions, and the large numbers of different nationalities existing among our population and not yet assimilated provide an ever present potentiality for trouble; agitation or resentment over real or fancied grievances may easily find an outlet in crime and violence resulting in destruction of valuable property. There have been notable instances of these eventualities in the past, such as bombing of newspaper

offices and the homes of public officials, judges, capitalists and heads of large industries; in the Wall Street, New York, bomb explosion, the Youngstown, Ohio, disturbances, the Boston strike and the race riots at various points. No one can tell when or where the next outbreak may occur or how serious it may be.

Losses from explosion or riot and civil commotion are not covered under the Standard Fire Policy which states:

> "This company shall not be liable for damage occurring by explosion, unless fire ensues, and in that event, for loss or damage by fire only."
>
> "Nor for loss or damage caused directly or indirectly by invasion, insurrection, riot, civil war or commotion or military or usurped power, or by order of any civil authority."

The demand for protection against such losses has been met by the preparation of special forms of policies that cover as follows:

An Explosion Policy covers against direct loss to property by explosion whether originating on the premises of insured or elsewhere, occurring from accidental or malicious causes, including processes of work and materials. It excludes only explosion originating in steam boilers, pipes, fly wheels, engines and machinery connected therewith, which are intended to be covered specifically under casualty insurance policies. Therefore, explosion originating in piping other than steam is covered; likewise explosion originating in hot water boilers, oil burners, hot air furnaces and all other apparatus except those specifically excluded. It is possible that an explosion originating in the fire box of a steam boiler might be covered, but this would be difficult of proof and the policy cannot be relied upon to give such protection. There is good authority for holding that damage to premises from explosion in exposing premises originating in steam boilers, pipes, flywheels, engines and machinery connected therewith, would not be covered under an explosion policy.

It is to be noted that explosion caused by fire is covered by the fire policy not the explosion policy, and that the explosion policy does not cover loss by fire *following* an explosion. If an explosion occurs and fire ensues the fire

policy covers damage caused by such ensuing fire even though the explosion has caused a material part of the building to fall, but if fire does not ensue then the fire policy would be void under the Fall of Building clause if a material part of the building fell as the result of explosion. Hence, an appreciable interval between an explosion and a fire would find the fire policy void if it contained the Fall of Building clause and the only way to continue it would be by endorsement having the effect of reinstating the policy.

A Riot and Civil Commotion policy gives much more complete protection since it covers all that is contemplated under an explosion policy and in addition covers riot, insurrection and civil commotion, including that which may come about through a strike. Thus it offers protection against loss of property by explosion and by industrial disorders, including destruction of buildings, machinery and stocks by mobs or by employees on strike, or from bombing, or concerted violence arising through ignorance, or from vicious or anarchistic sources. Such policy may cover "vandalism and/or malicious mischief," by rider or otherwise (see Form Div. XV).

Explosion and/or Riot and Civil Commotion insurance may be written to cover building, machinery and/or stock blanket, or any one of them specifically if desired; usually the 50 per cent coinsurance clause is required, with further credits for the 80 per cent or 100 per cent clauses.

Policies may be written covering rents, and rental value, leasehold, use and occupancy, profits and commissions, tornado, legal liability and other insurable interests as well as direct property damage. The rates applying differ for the various classes of risks and range from 5c per $100.00 per annum upward.

There are special forms to cover common carriers liability; also providing separate insurance for the purpose of covering building and loan associations, banks, trust companies, or mortgage and loan associations on their first mortgage or separately on their second mortgage interest.

By specific endorsement the following clauses may be attached either to a simple Explosion or to an Explosion, Riot and Civil Commotion policy:

Authorized Destruction of Property Clause

"In consideration of $.....additional premium, this policy is extended to cover (subject to all of its other terms and conditions) direct loss or damage to the property insured hereunder caused by explosion (excluding fire damage), authorized by duly constituted governmental or civil authorities of the State in which the property is situate for the purposes of retarding a conflagration; but in no event shall this company be liable for a greater proportion of such loss than the amount which this policy bears to the total amount of all similar insurance whether or not such insurance shall include liability for Authorized Destruction of Property."

Contingent Liability from Operation of Building Laws Clause. In the interest of the insured the condition of this policy excluding loss occasioned by ordinance or law regulating construction or repair of buildings is hereby modified and in consideration of $..... additional premium, this Company under this policy shall, in case of the perils insured against, be liable also for the loss or damage occasioned by the enforcement of any State or Municipal law or ordinance which necessitates, in rebuilding, the demolition of any portion of the insured building not damaged, but in no event shall this Company be liable for any expense of reconstruction in excess of the actual value of the building, or any part thereof, prior to the loss or damage, the total liability for loss or damage as the result of all hazards insured against not to exceed the total amount of this policy in effect at the time of loss; provided, that this Company shall be liable only for such proportion of the loss or damage as the amount hereby insured bears to the whole amount insured thereon, whether such other insurance contains a similar clause or not.

If this policy covers more than one building, the foregoing liability shall attach to each building separately, not exceeding the amount specifically insured thereon, or, if it does not attach on each building in a specific amount, in proportion as the sound value of each building bears to the sound value of all.

Consequential Loss and Damage Clause. This covers loss to stock of goods arising from change of temperature due to damage by explosion to refrigerating or cooling apparatus.

The following clauses may also be attached as applying only to Riot and Civil Commotion Cover:

Pillage and Looting Clause. "It is a condition of this insurance that the exclusion of loss by 'theft' in the printed conditions of this policy shall not be construed to exclude direct loss from pillage and/or looting, when such pillage and/or looting occurs during and at the immediate place of a riot, subject in all respects to the conditions and limitations of this policy."

Thirty Day Notice of Cancellation Clause which provides that the policy shall not be subject to cancellation until after 90 days from inception but thereafter may be cancelled by insured or company on 30 days' notice.

Attention is called to the fact that rates for riot and civil commotion insurance are trebled for all properties affected if the fire, police or water department employees of a city or town go on strike; and are likewise trebled for an individual risk if the employees go on strike, walk out, or are locked out, but in either case insurance already written is likely not to be cancelled or the premium increased since no cancellation of a riot and civil commotion policy may be made unless the policy has been in force for ninety days.

Hail Insurance. Hail insurance on growing crops is written throughout the United States, but chiefly in the grain States west of the Mississippi River. Special forms of policies cover against loss or damage by hail to such crops as wheat, rye, corn, hay and alfalfa and also in some sections fruit trees and tobacco.

The unit is usually one acre and the limit of liability that may be assumed is promulgated from year to year. The rate runs from 3 per cent to as high as 20 per cent in some sections. Because of the technical nature of the adjustments and the experience necessary for this work, losses for practically all companies writing the class in the Central and Western States are adjusted by the Western Adjustment and Inspection Company which maintains a special force for this purpose.

The business is seasonal, insurance being taken out usually when the farmer sees he has a crop in sight. The writing of this class usually starts first in Texas and Oklahoma during March and in other sections at later dates up to

July in North Dakota. All policies cease to cover when the crop is harvested, but in any event terminate on September 15 or October 1, according to locality.

Hail insurance on other property than growing crops is usually assumed in connection with tornado insurance by attaching to the tornado policy (not to a fire policy) a rider reading as follows:

"In consideration of $.....extra premium, it is made a condition of this insurance that this policy shall cover any direct loss or damage to the property described herein, caused by Hail, whether accompanied by wind or not; provided, however, that if there shall be any other tornado insurance on said property, this company shall be liable only pro rata with such other tornado insurance for any direct loss or damage caused by Hail, whether such other tornado insurance covers direct loss or damage caused by Hail or not. It is a further condition of this insurance that this company shall not be liable for loss or damage caused by Hail to hay, grain or straw, in fields or in stacks."

Sprinkler Leakage Insurance. This form of insurance has arisen because of the possibility of loss by water leaking from an automatic sprinkler system. A special form of policy is used, which covers against all direct loss or damage by sprinkler leakage, but not damage from leakage caused directly or indirectly by fire, lightning, cyclone, tornado, windstorm, earthquake, explosion or blasting; for these are held to be covered properly under fire, tornado, explosion or casualty policies; neither does it cover against loss caused directly or indirectly by the fall or collapse of any building or any part thereof, unless such fall or collapse is caused by the accidental leakage of water from the automatic sprinkler system or the tanks supplying it; as, for instance, the bursting of a pipe that results in the washing out of foundations, thereby damaging the building and possibly causing it to fall. The policy does not cover loss due to stoppage or interruption of business, nor damage caused by the material parts of a tank in falling, unless such liability is specifically assumed.

Sprinkler leakage is defined as leakage, discharge or precipitation of water from the automatic sprinkler system, or tanks supplying it, and may be caused by freezing, or by mechanical injury, or by defective joint or sprinkler head, or

from leaky pipe or tank, or by the breaking of a pipe, or by the opening of a sprinkler head without apparent cause.

Sprinkler Leakage policies may be made to cover building and/or contents, and are also written to cover against loss of use and occupancy due to sprinkler leakage. Likewise profits, rents and rental values, and other insurable interests.

Rates are made by schedule, giving consideration among other items to susceptibility of stock, character of floors, hazard of falling tanks, or other hazard which may damage the sprinkler system, liability to freezing, and the watch and alarm systems. In the early history of the class large sprinkler leakage losses were practically unknown and policies were mostly written with the 10 per cent coinsurance clause. After considerable loss experience it became the practice to use the 25 per cent coinsurance clause in most cases and often, because of the substantial reductions therefor, the 80 per cent, 90 per cent and 100 per cent coinsurance clauses were used, thus giving the insured the benefit of much greater protection at not much greater cost.

Smoke Damage. The extent of the use of fuel oil for heating purposes, particularly in dwellings, mercantile and small manufacturing plants, has resulted in a considerable number of cases of damage from smoke or smudge. Even the best of oil burning apparatus is not proof against disorder and the use of oil burners is so recent in the hands of a great many people that they are not always properly cared for. But the time may come when dealers in such apparatus, or perhaps the fuel distributors, will include regular service to keep the plant in good order; meanwhile there will be many cases of incomplete combustion with corresponding production or deposit of carbon which, bad enough in itself, is aggravated by being saturated with oil. It seems to have the faculty of getting through the smallest of spaces, even cracks in floors, and settles on draperies, curtains, carpets, furniture and on walls and woodwork.

Indemnity against this hazard is not provided by the Standard Fire Policy of any State because resulting loss is not due to fire of a hostile character, but due to escape of smoke or soot from a friendly fire burning where it is supposed to burn, namely, in the stove or furnace. Most territories, recognizing the hazard and demand for indemnity,

have arranged for the use of a supplemental smoke damage contract attached to and made part of the fire policy at quite low rates. A typical example of the contract reads as follows:

SUPPLEMENTAL CONTRACT

Smoke Damage from Stationary Heating Plant Using Oil for Fuel

The Insurance Company named below in consideration of $.....premium and the issuance of the fire policy to which this Supplemental Contract is attached, does hereby insure the insured named in said policy on the property described therein under Item Nos....., for not exceeding the amounts applying to such items, against direct loss or damage caused by smoke due to a sudden, unusual, and faulty operation of the stationary fuel oil burning apparatus, known as "....." manufactured by..... Serial Number ....., while contained in the premises described in the aforementioned policy.

This Supplemental Contract is subject to all terms, conditions and limitations of the policy to which it is attached that are not in conflict herewith, and wherever the word "fire" occurs in the policy, it shall be held to mean smoke in its application to this supplemental contract, subject also to the following conditions:

This Supplemental Contract covers for such period of time as the above mentioned fire insurance policy continues in force and no longer. If the items in the above mentioned fire policy, to which this Supplemental Contract applies, are cancelled, increased or reduced, liability under this Supplemental Contract, applying to such items, shall immediately terminate or be proportionately increased or reduced to conform thereto.

This Company shall not be liable for a greater proportion of any direct loss or damage by smoke than the amount of fire insurance under the policy to which this Supplemental Contract is attached, applying to the items of property covered by this Supplemental Contract, shall bear to the whole fire insurance covering such items, whether valid or not, and whether collectible or not; whether such other fire insurance covers against direct loss or damage by smoke from such stationary fuel oil burning apparatus or not, and the total amount for which this Company is liable under any item covered by this Supplemental Contract and the policy to which it is attached shall not exceed the amount in said policy applying to such item.

Further, this Supplemental Contract does not cover the following:

Loss or damage caused by smoke from "fire" within the meaning of that word, as used in the policy to which this Supplemental Contract is attached.

Accumulative damage or depreciation caused by the operation of the fuel oil burning apparatus.

Loss or damage due to gross negligence in not maintaining the fuel oil burning apparatus in proper working order.

Loss or damage to the fuel oil burning apparatus, heating plant, or any part or appurtenances thereof.

Supplemental Covers. In most sections of the United States, by endorsement on the fire policy, liability may be assumed for damage to the property covered thereunder caused by aircraft or objects falling therefrom; by motor propelled vehicles; by explosion; riot and civil commotion; hail; windstorm; smoke damage and other perils. Such assumed perils are subject to the limitations and exclusions found in the policies approved for covering each of the perils separately. See EXTENDED COVERAGE ENDORSEMENT (Supplemental Contract).

Tornado or Windstorm Insurance. Special forms of policies are issued to insure against direct loss or damage to building or contents by tornado or windstorm; if the roof is blown off, or walls, doors or windows blown in, damage by water, rain or snow entering through such openings is also covered.

The same forms that are used on fire policies may generally be used on the regular tornado policies for describing the property covered, subject to such restrictive or qualifying clauses and conditions as are locally prescribed. In many States tornado insurance is so commonly purchased that combination policies are issued, covering both Fire and Tornado liability and to a considerable extent the Hail rider is included assuming damage by hail. In fact this is safe practice, because in many wind and hail storms considerable damage is done by hail and little if any by wind. Under the regular Tornado or Windstorm policy hail damage is not covered unless specifically assumed.

HAIL DAMAGE CLAUSE

In consideration of $.....extra premium, this policy, subject to all its terms, conditions and stipulations, including the provision for coinsurance, and those of all other clauses attached thereto, is hereby extended to cover direct loss or damage by hail; and the total liability of this Company under this policy for loss or damage to property described caused by windstorm, cyclone, tornado and/or hail, either separately or together, shall not exceed the amount of this policy in effect at the time of loss. If there shall be at the time of loss other insurance against loss or damage by hail covering the property described, this Company shall not be liable for a greater proportion of any loss or damage, to the property covered hereunder, than the amount hereby insured against loss or damage by hail shall bear to the whole insurance against loss or damage by hail, whether valid or not, and whether collectible or not.

The 50 per cent Coinsurance Clause is in general use on tornado forms except in States where coinsurance is prohibited.

Substantial reductions in rate are granted for 80 per cent and 100 per cent coinsurance or average clauses when used.

The Lighting Clause should not be attached to a tornado policy, and the permits usually granted when issuing a fire policy are unnecessary on a tornado policy, since its printed conditions are not the same as those of the fire insurance policy.

Millions of dollars' worth of property is destroyed each year by tornadoes or windstorms. Neither city nor country is secure from their devastating power; they constitute the one potentiality for property loss that man is powerless to prevent or mitigate.

Some years ago it was noted that if windstorm caused a building, or material part thereof, to fall the fire policy would be voided if containing the usual Fall of Building Clause, therefore neither the fire nor the windstorm policy would cover the ensuing fire loss. This led to the adoption of what is known as Bridging the Gap Clause, which is now commonly a part of all windstorm policies. This reads as follows:

This Company shall not be liable for any loss or damage caused by snowstorm, blizzard, frost or cold weather; nor for loss or damage occasioned directly or indirectly by or through any explosion, tidal wave, lightning, high water, overflow, cloudburst, theft, nor for neglect by the insured to use all reasonable means to save and preserve the property during and after a windstorm, cyclone or tornado, nor for any loss or damage by fire, except that in case any building or any material part thereof, fall as the result of windstorm, cyclone or tornado, immediately followed by fire as a direct result, then this insurance is extended to cover such resultant fire loss to only such fallen building or buildings and/or contents covered under this policy; provided, however, that if there shall be

other windstorm, cyclone or tornado insurance on the property covered under this policy, this Company shall be liable by virtue of this extension of liability for the proportion only of such resultant fire loss to only such fallen building or buildings and/or contents covered under this policy, as this insurance bears to the total windstorm, cyclone or tornado insurance on such property covered under this policy, whether other such insurance does or does not cover resultant fire loss, and whether or not other insurance be valid or collectible; provided further that even though fire follow immediately as a direct result of any windstorm, the maximum liability of this Company for any or all the hazards insured hereunder shall not exceed the amount of windstorm, cyclone and tornado insurance specified on the face of this policy.

CHAPTER XVI

INLAND MARINE INSURANCE

NATURE AND VARIETY OF COVERS—MULTIPLICITY OF PERILS ASSUMED—COMPREHENSIVENESS OF INSURANCE PROTECTION AFFORDED.

Inland Marine Insurance. This designation is not truly descriptive. This is not insurance having chiefly to do with the perils of river, lakes and inland waters. A more accurate title would be Multiple Peril Floating and Transportation Insurance.

The rapid growth of Inland Marine Insurance in recent years and the impressive volume of premiums developed makes this class of insurance one which agents and brokers cannot afford to overlook, nor fail to bring to the attention of their clients;

First, because of the commission income involved

Second, because of the broad and comprehensive insurance protection afforded

Third, because of the competition of other agents and brokers who may take business away through solicitation of such covers if they have not already been brought to the attention of clients.

To many, well versed in all types of fire insurance covers, forms and rates, Inland Marine Insurance seems complicated and possibly mysterious. This may be due to the great number of different forms in use, the comprehensive character of the cover, the number of perils involved and the lack of precise method, in many cases, of arriving at the rates to be charged, thus bringing into the picture many elements not present in dealing with fire insurance at the fixed location. Yet essentially the same principles are involved if applied to each of the perils one by one.

It will be noted in studying Inland Marine Insurance that it almost invariably involves the element of motion, either as a constant factor, as in the case of pure transportation, or a potential one varying in degree of frequency, as in the case of fine arts. It does not change this general statement

to find that some covers are at fixed locations, such as advertising signs. Even in this case loss by wind is covered and that is motion. It is essentially floating insurance, following the property whether it is still, or in motion from place to place. It is basically *all risk* insurance except for certain exclusions which usually appear, such as wear and tear, moths, vermin, gradual deterioration, or inherent vice, and other more or less standard exclusions. Further than this each separate form, after assuming loss by specific perils, contains specific exclusions called for by the particular nature of the subject of insurance or the breadth of cover desired.

While there are many standardized forms and rates for specific classes in which one risk differs little from another, the general characteristic of Inland Marine Insurance is flexibility, both in form of cover and adaptability of rate, even though both follow broad principles which in many cases are quite definite and fixed in character, such as taking the published fire rate at the specific location as a basis and adding charges for the additional perils covered.

The foregoing will show that the nature and practice of Inland Marine Insurance involves special and individual consideration of the needs of the insured and the subject of insurance, in order to provide adequate protection within the scope desired, and the preparation of a form and fixing of a rate calculated to preserve the interests of insured and company. Because of this individual nature, certain definite information is required regarding each risk written and this is commonly furnished in the form of an application specifying the nature of the information desired.

INLAND MARINE INSURANCE POLICY

The Inland Marine basic policy (1937) reads as follows:

Amount $.....Rate.....Premium $.....

IN CONSIDERATION OF THE STIPULATIONS HEREIN NAMED

And of .....Dollars Premium
Does Insure .....
Whose address is.....
From the.....day of.....19...., at noon, to the.....day of.....19...., at noon, Standard time, at place of issuance, to an amount not exceeding .....Dollars, on the following described property:

(Attachment of Rider)

CONDITIONS

This entire policy shall be void if the Assured has concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof; or in case of any fraud or false swearing by the Assured touching any matter relating to this insurance or the subject thereof; whether before or after a loss.

The Assured shall immediately report to this Company or its Agent every loss or damage which may become a claim under this Policy, and shall also file with the Company or its Agent within ninety days from date of loss, a detailed sworn proof of loss. Failure by the Assured either to report the said loss or damage or to file such written proofs of loss as herein provided shall invalidate any claim under this Policy.

The Assured shall submit, and so far as is within his or their power shall cause all other persons interested in the property and members of the household and employees to submit, to examinations under oath by any persons named by the Company, relative to any and all matters in connection with a claim, and shall produce for examination all books of accounts, bills, invoices, and other vouchers or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or its representatives, and shall permit extracts and copies thereof to be made.

Unless otherwise provided in form attached, this Company shall not be liable beyond the actual cash value of the property at the time any loss or damage occurs and the loss or damage shall be ascertained or estimated according to such actual cash value with proper deduction for depreciation, however caused, and shall in no event exceed what it would then cost the Assured to repair or replace the same with material of like kind and quality.

All adjusted claims shall be paid or made good to the Assured within sixty (60) days after presentation and acceptance of satisfactory proof of interest and loss at the office of this Company.

No loss shall be paid hereunder if the Assured has collected the same from others.

It is warranted by the Assured that this insurance shall in no wise insure directly or indirectly to the benefit of any carrier or other bailee.

This Company may require from the Assured an assignment of all right of recovery against any party for loss or damage to the extent that payment therefor is made by this Company.

Every claim paid hereunder reduces the amount insured by the sum so paid unless the same be reinstated by payment of additional premium thereon.

It is understood and agreed that, in the event of loss of or damage to any article or articles which are a part of a set, the measure

of loss or damage to such article or articles shall be a reasonable and fair proportion of the total value of the set, giving consideration to the importance of said article or articles; but in no event shall such loss or damage be construed to mean total loss of set.

In case of loss or injury to any part of the insured property consisting, when complete for sale or use, of several parts, this Company shall only be liable for the insured value of the part lost or damaged.

In case of loss or damage, it shall be lawful and necessary for the Assured, his or their factors, servants and assigns, to sue, labor, and travel for, in and about the defense, safeguard and recovery of the property insured hereunder, or any part thereof without prejudice to this insurance; nor shall the acts of the Assured or this Company, in recovering, saving and preserving the property insured in case of loss or damage, be considered a waiver or an acceptance of abandonment; to the charge whereof this Company will contribute according to the rate and quantity of the sum herein insured.

It is a condition of this policy that no suit, action or proceeding for the recovery of any claim under this policy shall be maintainable in any court of law or equity unless the same be commenced within twelve (12) months next after the calendar date of the happening of the physical loss or damage out of which the said claim arose. Provided, however, that if by the laws of the state within which this policy is issued such limitation is invalid, then any such claim shall be void unless such action, suit or proceeding be commenced within the shortest limit of time permitted, by the laws of such state, to be fixed herein.

In case the Assured and this Company shall fail to agree as to the amount of loss or damage, the same shall be ascertained by two competent and disinterested appraisers, the Assured and this Company each selecting one, and the two so chosen shall first select a competent and disinterested umpire; the appraisers together shall then estimate and appraise the loss, stating separately the sound values and damage, and failing to agree, shall submit their differences to the umpire; and the award in writing of any two who shall determine the amount of the loss; the parties thereto shall pay the appraisers respectively selected by them, and shall bear equally the expense of the appraisal and umpire.

This Policy may be cancelled at any time upon request of the Assured, the Company retaining or collecting the customary short rates for the time it has been in force; or, it may be cancelled by the Company by delivering or mailing to the Assured at the address stated herein five days' written notice of such cancellation and if, the premium has been paid, by tendering in cash, postal money order, or check, the pro rata unearned premium thereon.

The foregoing constitutes the basic provisions for the majority of Inland Marine policies which are made to fit each class of business written through specially prepared riders or endorsements. Such riders describe the property insured, stipulate the coverage, and narrow or broaden the provisions of the basic policy, so that the contract in final form may precisely define the cover intended. The following list of well developed covers will illustrate the comprehensive character and diversity of Inland Marine insurance:

Advertising Signs
Appliance Risks
Armored Car and Messenger
Army and Navy Service
Athletic Assoc. Equipment
Autograph Collections
Bicycles
Bridges and Tunnels
Building Materials
Cameras and Equipment
Cleaning Equipment
Clothing Contractors
Contractors' Equipment
Deferred Payment Interest
Department Store Shipments
Dentists' Instruments
Dies and Molds
Doctors' Instruments
Dogs
Dyers & Cleaners
Exhibition Risks
Express Shipments
Farm Machinery
Fine Arts
Fish Nets and Equipment
Flags and Standards
Funeral Equipment
Furs
Furriers' Customers
Goldware and Gold Plate
Golfers' Equipment
Guns
Half Tone Screens
Horse and Wagon Floater
Hotel-Keepers' Liability
Householders Comprehensive Policy
Installment Sales
Installation Risks
Jewelry
Jewelers' Stock
Lawn Mowers
Laundry Customers
Live Stock
Liveries
Lodge Paraphernalia
Logging Camp Equipment
Lunch Wagons
Mail Packages
Manufacturers' Equipment
Merchandise on Approval
Models
Morticians' Liability
Motor Truck Cargo
Musical Instruments
Neon Signs
Oil Drilling Equipment
Outboard Motors and Boats
Parcel Post Shipments
Patterns
Personal Effects
Personal Property Floater
Processing Risks
Projection Machines
Radio Towers
Radium
Registered Mail
Rug and Carpet Cleaners
Salesmen's Samples
Scientific Instruments

Silverware and Silver Plate	Tools
Ski Insurance	Trip Transit
Sports Equipment	Transportation
Stamp Collections	Trophies
Street Clocks	Voting Machines
Surgeons' Instruments	Wedding Presents
Tailors' Customers	Welders' Equipment
Theatrical Property	Wool Growers Floater

It will be seen from this list that there are a large number of special forms; limits of space preclude specific and detailed explanation of each, but those outlined hereafter will give a fairly comprehensive picture of the nature and variety of Inland Marine Covers available.

Advertising Signs. All risk on signs, such as Neon and automatic or mechanical electric signs, attached to, or swinging from building, inside or outside, excluding internal disturbance, deterioration, etc.

Armored Car and Messenger. All risk on shipments of securities, commercial paper, bullion or currency, excluding theft by employee of insured, consignor or consignee.

Army and Navy Corps or Diplomatic Service. All Risk floater on personal effects of insured (and dependent member of family) while on duty or leave from Army, Navy, Marine Corps or Diplomatic Service of U. S. A. Excludes depreciation, currency, motor vehicles, breakage, riot, hostilities, certain theft and pilferage, etc.

Bridge Property Damage. Loss to bridges and their approaches by fire, lightning, floods, ice, collision, explosion, strikes, riot and civil commotion, malicious damage, windstorm, earthquake and collapse. excludes depreciation; damage due to neglect of repair, war or hostility; and certain other conditions. Note: May also be covered as a Builders Risk, and after completion against loss of Use and Occupancy. Due to issuance of Mortgage Bonds bridge insurance is often required.

Cameras and Equipment. All risk floater, excluding moth, vermin, wear and tear, riot, war or hostilities, etc. Cover available to amateur or professional owners, and ordinary or motion picture outfits.

Clothing Contractors Floater. Covers clothing and materials therefor, finished or in process against loss by fire,

lightning, sprinkler leakage and burglary, except on premises of insured; also loss by hazards of transportation to and from contractors and subcontractors. There are other exclusions and varying conditions and limits.

Contractors Equipment Floater. Covers against loss by fire and lightning, explosion, windstorm, flood, earthquake, transportation, theft and collision on contractors equipment generally, with exclusions appropriate to the particular nature of equipment or work. Building, cleaning, drilling, floor surfacing, harvesting, road and welding contractors equipment and many other types may be covered. This form is sold mostly to road contractors and others doing construction work that progresses from point to point, or place to place.

Deferred (Installment) Payment Merchandise Floater. Covers interest of vendor or seller, in merchandise sold on the deferred, conditional or partial payment plan, against loss by fire, lightning, transit hazards, windstorm, flood and theft, until delivered to the fixed location of the vendee or purchaser, and thereafter against fire and lightning only, unless other perils are assumed by endorsement, such as theft, wrongful conversion (usually not covered) tornado, or other perils. When the vendor's interest is satisfied, insurance ceases. The policy may be extended to also cover interest of the vendee up to the time the interest of the vendor is satisfied. Policies are issued on the reporting plan, where each shipment is separately reported, or on the monthly plan, where monthly declaration is made of amounts outstanding.

Department Store Floater. Covers merchandise, or interest therein or liability therefor, in transit by own messengers or trucks or by rail, express truckmen or ferries and lake and coastwise steamers, also lighters, against loss by fire, lightning, windstorm, flood, transportation and navigation, including on docks, platforms or depots awaiting shipment or after arrival. There are two forms—limited and broad—the latter having somewhat wider cover and less conditions and limitations than the limited form.

Dyers, Cleaners, Laundry and Tailors Floater. These are much the same general cover, though having special conditions, stipulations and exclusions applicable to each. Cover

property of customers while on premises of insured for work to be done, and in branch offices or receiving agencies and in transit to and from, or to and from customers, against loss by fire, lightning, windstorm, sprinkler leakage; transportation, burglary, holdup and in some cases theft; and confusion of goods resulting from such perils. Sometimes earthquake, flood, hail, explosion, riot and civil commotion perils are also covered.

Engagement Rings. These may be insured under the All-Risk Jewelry Floater and this cover furnishes a fine method of beginning business with a client who will later have insurance on furnishings, automobile and perhaps a house.

Express Shipments. Covers merchandise shipped by Railway Express against practically all risks from point of shipment to consignee. This form of insurance is cheaper for those sending any considerable volume of merchandise by express, rather than to pay the extra charges made by express companies if assuming liability in excess of $50.00 per package, or per hundredweight.

Flood Insurance. This form of indemnity is of recent origin in the United States, but there is a very considerable demand for such protection in the vicinity of rivers and dams and along the sea coast and an increasing amount is being sold each year.

It is written under a special form of policy which covers against all direct loss or damage by water caused by flood, overflowing rivers and/or tidal wave and by removal from premises so endangered; all risks of fire and of windstorm are excluded.

By endorsement the policy may be extended to cover the accidental discharge or leakage of water from water supply mains or public hydrants located outside the premises and the form contains a stipulation that the company shall not be liable for loss or damage arising from breakage or leakage from any system of piping or apparatus for the use of water, including the standpipes, hose, automatic sprinkler system, and all accessories thereto within the building or buildings, it being the intent to limit the liability to loss or damage caused by accidental inflow of water from without, but not to include damage due to roof leakage or damage caused by rain entering windows, or sky lights, or from

choked sewers, or damage caused by the fire department or fire protection apparatus.

Customarily basement stocks are not covered under the policy, although they may be included for limited amounts by special endorsement. Eighty per cent, 90 per cent or 100 per cent coinsurance clause is required. The policies are written only on application and premium is payable in advance. Rates vary according to location, season and previous flood record.

Fine Arts Form. This covers all risks (except the usual exclusions of wear and tear, inherent vice, breakage, etc.), on property consisting of paintings, etchings, pictures, tapestries, and other bona fide works of art (such as valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass and bric-a-brac) of rarity, historical value, or artistic merit. Almost every community contains private collections available for such insurance, and in the larger cities there are art dealers, colleges, libraries, or publicly owned collections which need such protection, especially where paintings or other art objects move about in exhibitions or otherwise.

Fur (Personal) Floater. Covers all risks (except usual exclusions) on furs, fur coats, scarfs, neckpieces, muffs and fur trimmed garments. This is a cover sold very widely and to those with one coat or many fur pieces. Rates are moderate.

Furriers Customers Policy. Covers all risks (except usual exclusions) on all kinds of furs, or garments trimmed with fur, being the property of customers, accepted by the insured for storage, alterations, repairing, cleaning, or remodeling, and for which the insured has issued a receipt under which the insured agrees to insure the property. The contract covers while the property is in the custody or control of the insured at specified locations for preparation for storage; while also in storage rooms, vaults or safes at the locations specified, and includes protection during transportation between such premises and/or to and from customers. Such policies are purchased by those in the business of storing furs during the summer season and desire to assume liability therefor and/or to obtain insurance for their customers, issuing certificates therefor. Rates

are predicated on conditions, especially the construction and protection of building and/or vaults where furs are stored.

Horse and Wagon Floater. Covers on horses, horse-drawn vehicles, harness, saddlery, liveries, blankets and similar equipment, against direct loss or damage occasioned by fire, lightning, collision, derailment, overturning of conveyance while in transit by railroad and/or motor vans especially constructed for the transportation of horses; stranding, sinking, burning or collision of ferries. Policy covers within the limits of the Continental United States and Canada. It is surprising that a very considerable number of these policies are sold despite the eclipse of the horse. The cover is available to private owners, or to milk dealers, laundries and other similar delivery enterprises.

Hotel and Innkeepers' Form. This policy covers the legal liability of a hotel or inn from the time the property of a guest comes into the possession of the insured, or his agents through the issuance of baggage or transfer checks; thence during period of transfer between hotel premises and baggage platforms of railroads and/or steamship lines; and covers also the legal liability of the insured while such property is with the premises of the hotel or inn. Excludes personal injuries, illness or death; loss by fire, lightning or explosion which is presumably covered under other insurance; any loss covered by other insurance or one that occurs by act of a servant or companion of a guest; and is limited to the hotel-keeper's liability as defined in the statutes of the State where hotel is located. Money or securities in rooms is not covered.

Installation Risk Form. Covers machinery, fixtures and other goods in transit and on premises while awaiting and during installation, testing and acceptance, against loss by fire, lightning, windstorm, transportation and theft.

Jewelry and Fur Floater. Covers all risks on jewelry and furs in accordance with schedule of descriptions and values made a part of the policy. Schedule may include property of the insured and members of family in same domicile, but servants are specifically excluded. This is one of the most popular and widely purchased covers and rightly so when one considers the opportunities for jewelry or furs to be lost, stolen or destroyed by fire or other peril.

Mail Package (Parcel Post) Insurance. The enormous number of packages handled by the Post Office Department, being in excess of 1,000,000,000 annually, with all the opportunity for loss from fire, wreck, theft, breakage and non-arrival due to various causes, has led to the development of this form of insurance, which is becoming of growing importance with the increase in this convenient and inexpensive form of shipping.

The opportunity for loss has been recognized by the United States Government which maintains a system of insurance that is said to pay losses amounting to over $5,000,000 per annum, which indicates the wide field that exists for the sale of such indemnity.

For the occasional shipper the Government insurance is probably the most convenient, but for those shipping goods regularly by mail a comparison of the Government method with that of the insurance company may disclose advantages for the latter.

Government Method. This contemplates that a package must be taken to the Post Office and receipt obtained, resulting in time being spent waiting in line especially at busy hours of the day when goods are most apt to be shipped. Collection of a loss claim calls for considerable delay because of the routine through which it must go before the claim can be recognized and paid by the Government.

Insurance Company Method. There are two ways of writing this class of insurance. The one most commonly used is called the "certificate method" under which a policy is issued with a book of 100, 200 or 500 certificates attached. To insure thereunder the name and address of consignee, kind and value of article insured, date and class of mail by which shipped are entered on the certificate stub and the coupon detached for inclosure with package or invoice. The cost of such a policy usually runs from 5c to 10c per coupon or certificate.

The other method is called the "reporting form" and is used by large shippers. The policy provides for reporting shipments on large sheets or bordereaux and an agreed rate is charged for insurance equal to the total value of the goods shipped. A deposit premium of say $50 is required and monthly reports of shipments are made to the company

and additional premium paid after the initial premium is exhausted.

Under either method from the moment a package passes into the custody of the Post Office, either through delivery to carrier, or deposit in the collection box, or at the Post Office itself, the contents are insured against loss due to non-arrival from whatever casualty until delivered to consignee. By either of these methods the shipper is enabled to preserve in convenient book form the necessary record of his shipments and effects insurance in his own premises, thus avoiding waste of time and cost of messenger in sending to Post Office.

If the package is not received by the consignee within a reasonable time, or is delivered in damaged condition, claim is made on company or its agent under a simple form and is customarily paid without delay.

While the amount of premium from this class is not great compared with some other lines, it is steadily increasing and is one of the ways of helping out the premium account.

Merchandise (on approval) Floater. Covers all lawful goods incidental to insured's business while in transit or at locations not owned, rented or used for storage or exhibition purposes by the insured against loss by fire and lightning, windstorm, flood, theft, sprinkler leakage, the usual hazards of transportation, including breakage if over $25. Policy contains the usual exclusions. It is intended to cover property sold, but not yet accepted or paid for.

Optical Goods Floaters. This is an interesting form of practically all risk policy on optical frames and lenses (i.e., eyeglasses and spectacles), covering against loss by fire, windstorm, earthquake, floods, theft, burglary, holdup and accidental breakage. It excludes losing, misplacing or mysterious disappearance. Policy is sold to opticians, who in turn issue certificates of insurance to customers for a small premium, or free as an advertisement in which case the premium is usually included in the charge for the glasses. Report is made to company monthly of certificates issued and premium involved. The charges are based on sale price; usually the first group is up to $15, second $15 to $25 and third $25 and up. Rimmed glasses take lowest rate and unrimmed usually double such rate. Sometimes spectacles are

rated lower than nose glasses, but so far there has been no differential for pinch glasses to be worn on aquiline noses as against chubby ones.

Personal Effects Floater. This form of insurance is intended to cover personal effects outside the permanent residence of insured against loss due to the hazards of fire, theft, lightning, transportation and navigation. It not only insures the traveller while away from home, but also covers articles usually kept at golf, country, sporting and other clubs, and clothing at laundries, cleaning and tailor shops, and effects taken on automobile trips, week-end parties and other outings. Because of the broad and liberal cover and the many possibilities of loss from which it protects the insured, an increasing amount of this class of insurance is being carried all the year round, rather than merely when one is taking a trip. All people who travel, or have automobiles, or belong to clubs, or act as delegates, are prospective purchasers.

One general form is now in use. This covers, anywhere, on personal effects such as are usually carried by tourists and travelers, belonging to and used or worn by the assured, his wife, and unmarried children permanently residing together, against all risks with certain exceptions. It does not cover damage caused by gradual deterioration, moth, vermin, inherent defect, or breakage of brittle articles unless caused by thieves, fire or accident to conveyance; or arising from war, invasion, rebellion, insurrection, or confiscation and other similar things. Policy does not cover in residence of insured, nor while in storage except during travel, nor in fraternity houses, schools or colleges except for loss by fire. Jewelry, watches, furs and similar articles are covered to the extent of 10% of the total amount of the policy. Policy does not cover automobiles, bicycles, boats or other conveyances, nor money, notes, securities, evidences of debt, passports, documents, railroad or other tickets, household furniture, animals, automobile robes or other automobile equipment. There is also a limitation of liability for loss of property while in custody of a common carrier.

Personal Property Floater (Householders' Comprehensive Policy). The form generally used covers personal property belonging to the assured and members of his family of the same domicile against all risks anywhere in the world, in-

cluding at the assured's residence(s). The policy does not cover property pertaining to the assured's business, or such property as automobiles, boats or animals, and excludes loss by moth, wear and tear, risks of war and breakage of brittle articles (unless caused by thieves, fire, windstorm, earthquake, explosion or accident to conveyances).

Money, securities, passports and tickets are covered up to a stated limit against burglary or theft from assured's premises, and against loss by hold-up anywhere. Servants' property is covered up to 10% of the total insurance, and a similar amount applies to the property of guests while on the premises of the assured. The policy now in common use also agrees to pay up to $500 for any physical damage caused to other property in the accomplishment of a theft loss under the policy.

Jewelry, furs, fine arts and similar articles of particular value are usually scheduled. The policy limits coverage on jewelry and furs not specifically scheduled to a stated amount in any one loss.

Credit in the premium is allowed for specific insurance, such as household fire and burglary policies, that may be in force at the time a Personal Property Floater policy is issued. In such event the Personal Property Floater policy is excess insurance as respects the insurance under the specific policies until they expire.

At present the Personal Property Floater policy can be written in certain states only.

Radium Insurance. Among the interesting forms of insurance called for by modern science is that covering the loss of radium. This valuable product is in use by doctors, surgeons and hospitals and small quantities cost a great deal of money; radium is usually put up for use in the form of needles, tubes, or plaques.

Insurance thereon is issued under a special form of policy and covers against all risks of loss or damage, while within the limits of the United States and/or Canada, except invasion, insurrection, riot, civil war or commotion, or military or usurped power or risks of contraband or illicit trade. "All risks" includes fire, lightning, windstorm, flood, theft, breakage, disappearance and other causes.

Practically the only special condition in the form is one requiring that a patient being treated by the radium insured

shall be under the care and direction of a doctor, nurse or other attendant. This is to avoid the possibility of a patient taking off the bandages because of irritation or other cause and losing the radium. When this clause is waived the rate is increased.

Rain Insurance. The sale of rain insurance is of quite recent origin in this country although it has been in vogue in England and continental Europe for some years.

It is written under a special form of policy upon application furnished by the insured through agent or broker and is intended to provide protection against loss sustained because of rain, snow, hail or sleet.

Outdoor events, whether of a business or charitable character, are largely dependent on fair weather for success. Often in preparing for an event considerable sums of money are spent which may be lost if rain occurs, to say nothing of anticipated profits. In many legitimate and proper ways rain insurance serves the useful purpose of providing indemnity for losses that cannot be avoided otherwise.

Various forms and conditions are in use, but in a general way the policy provides indemnity for loss of expenses, or of profit, or income, or gate receipts if rain falls during certain hours of a given day or during several stated days. The policy stipulates that there can be no recovery unless the rainfall, established by a Government observer, is at least 1/10th or 2/10ths of an inch, as the case may be, during the time specified in the policy.

For obvious reasons no order is accepted unless received and paid for at least five days before the event takes place.

The business is of a hazardous nature not subject to close calculation and liable to very large losses if there is widespread rain on such days as May 30, July 4 and Labor Day. The rates are correspondingly high, ranging from 4 per cent upward. If recovery is based on 1/10 inch rainfall, rates are higher than if based on a greater rainfall, because loss might be sustained in the one case and not in the other. Likewise the longer the hours covered the higher the rate because of the greater chance of loss occurring. Elaborate and carefully worked out tables of rates apply to the various sections of the country and to various seasons of the year, all the result of detailed study of Government weather reports over a series of years.

The opportunities for selling rain insurance are much greater than might be thought on first consideration. For instance, all of the following are natural subjects of rain insurance: baseball games; State and county fairs; automobile and horse races; parades, amusement parks; concessions of all kinds; block parties; dances; church and fraternal fairs and entertainments; athletic meets; football games; tennis tournaments; prize fights; live stock sales; horse fairs; special merchandise, or holiday sales; celebrations of all kinds, and any event whose success would be injured by rainfall.

Registered Mail Insurance. Under special form of policy insurance is granted against loss of bonds, coupons, bank notes, legal tender, certificates of stock, and similar securities, including currency and postage stamps, sent by registered mail within certain prescribed areas. Such policies usually cover against loss, however caused, whether from fire, lightning, tornado, theft, wreck, or any other cause, from the time of deposit and registration in the Post Office to arrival at the place of address. There are special conditions which differ somewhat in the policies issued by the various companies. Usually not more than market value, or a slight percentage in excess thereof, is recoverable.

Salesmen's Samples Floater Insurance. The samples carried by travelling salesmen often run into large values and are subject to loss by fire, lightning, collision, derailment, theft and other causes and this has led to the development of a special form of insurance for this class. It is sold to manufacturers, wholesalers, jobbers and selling agents to cover all samples in the hands of all their salesmen against such losses from the time they leave the premises of the insured until their return, subject to such conditions as may be made a part of the policy contract.

Fires are frequent in hotels, baggage cars and railroad depots and accidents often happen in transportation by railroad or truck. Hotel keepers and truckmen are not always financially responsible and their liability is somewhat problematical, while that of common carriers is limited by law to $100, unless at the time of shipment a higher value is declared and excess charges paid, so that with all these factors taken into account the insurance offered is much better and more certain protection at much less cost.

Usually no coinsurance clause is required on policy, but the amount of insurance applying on samples in the hands of any one salesman is limited and as a rule companies require that the total insurance carried shall be approximately 90 per cent of the estimated value of goods in the hands of all salesmen at any one time.

Sportsmen's Equipment Floater. This policy under various forms, some of which are all risk and in other cases specify the perils insured against, assumes liability for loss of sporting equipment and covers practically any loss that is properly insurable to which the equipment is subject. There are special forms for Golfers Equipment, Tennis Equipment, Shot Gun and Rifle, Fishing, Baseball and other sports. Each contains exclusions applicable to the risk; for example, "Excluding loss of golf balls," and all contain the general exclusion of loss by wear and tear, rust, deterioration, etc. Such insurance is available for amateurs or professionals.

Transportation Insurance. The demand for transportation insurance is increasing for a variety of reasons, being stimulated particularly by the adoption of the motor truck as an auxiliary means of transporting goods.

The liability of common carriers is limited, whether railroad, express companies or trucking concerns, and frequently there is no liability unless carelessness or negligence can be shown. In the case of trucking companies frequently there is little or no financial responsibility and the shipper often finds it impossible for this reason to collect any amount due him for a loss. Experience has shown that settlement from railroad and express companies may be secured only after very considerable delays. All of these conditions are factors in creating a demand for this special form of insurance furnished by stock fire insurance companies.

Transportation insurance is divided into two general groups, the "trip transit" policy and the "transportation floater" policy, either of which is available whether shipments are made by rail or by truck.

The trip transit form of policy is intended to cover a single shipment of goods while in transit from one point to another by rail or truck, against the hazards of fire, lightning, stranding, sinking, collision, derailment and upset, but not against loss by breakage, scratching, marring, or other

similar damage, unless caused by fire, collision, derailment or upset. The rates for this class of insurance are based on the distance the shipment is going; also, if made by rail, on the form of bill of lading used and, if made by truck, on its capacity and the nature of the goods shipped. For short distances the rates begin at 5c per $100 for shipment by rail and 10c per $100 for shipment by truck. The 100 per cent Coinsurance Clause is attached to policy.

Under the transportation floater form of policy the goods are insured while in the hands of common carriers, including licensed public truckmen, or the policy may cover goods while on owners' trucks. The hazards insured against are fire, lightning, cyclone, tornado, flood (meaning rising waters), collision, upset, derailment and all risks and perils of transportation (except as provided), during the time the property insured is in transit by or in custody of railroad, express, or licensed public truckmen, while on land, and against marine perils while on ferries and/or cars, on transfer in connection therewith; also while the property insured is on docks or in depots and/or platforms in custody of railroad, express or licensed public truckman, incidental to transportation. The coming together of railroad cars during coupling is not considered a collision nor is the insurance liable for loss by breakage, scratching, marring, or other similar damage, unless caused by fire, collision, derailment or upset.

Rates depend on the nature of the merchandise, form of bill of lading used, method of shipment, territory covered, and if by truck, its tonnage. They range from 2½ per cent to 3 per cent on classes of goods not easily susceptible to loss by collision or upset and as high as 5 per cent for those more damageable.

Various forms of policies are issued. Sometimes policies are written for an amount representing the estimated total value of the insured's annual shipments, then at the end of the policy year the insured furnishes a verified statement showing the actual total value of all shipments; if this is greater than the amount for which the policy is written, an additional premium is paid, if less, a rebate is allowed. In other cases an open policy is issued under which individual shipments are declared and paid for on an agreed basis.

The chief customers for this form of insurance are manufacturers, wholesalers and jobbers; also truckmen and warehousemen, who usually take out policies covering their legal liability as common carriers.

Because of the increasing amount transported by motor truck a brief explanation is given of three of the forms used.

Motor Truck Merchandise Floater

(For the owners of the merchandise)

Covers lawful goods and merchandise in custody of insured only while contained in or on motor trucks specified in the policy, or others substituted therefor pending notice to company, owned and operated by insured, against loss by fire, lightning, flood, windstorm, perils on ferries, collision, upset and collapse of bridges. Exclusions of cover while on premises of insured or garages where trucks are normally kept (unless covered by endorsement), and various other customary exemptions. Additional perils, such as theft, may be covered by endorsement. Rates vary according to limitation of liability per truck and other conditions.

Motor Truck Merchandise Floater

(Blanket Form for Truckmen)

Covers legal liability of insured as carrier, bailee or warehouseman, under tariff, bill of lading or shipment receipt issued by insured on shipments of goods, loaded or in transit in or on trucks owned and operated by insured. Perils are loss or damage by fire and lightning, perils on ferries, collision, upset and collapse of bridges. Additional perils, such as theft or holdup, may be assumed by endorsement. Policies contain many exclusions and conditions tending to clarify the contract and exclude losses not contemplated. Rates vary according to length of haul, limit of liability per truck, type of merchandise carried and of trucks, character of management and past experience. Some States require truckmen to carry insurance protection of this nature.

Motor Truck Merchandise Floater

Truckmen's form based on receipts (freight charges).

Covers same subject of insurance against loss by same perils and with similar exclusions and conditions as preceding form, but premium is calculated on basis of rate applied to the amount of receipts, i.e., the freight charges (collected or not) earned by insured, who customarily makes a statement monthly to the company showing amount of such receipts and remitting premiums therefor at the rate agreed upon. Usually a deposit premium is paid and the ensuing monthly premium charged against it until absorbed, after which additional payments of premium are due monthly until policy matures.

Some States require truckmen to carry insurance protection of this nature and the Interstate Commerce Commission requires all interstate public carriers to insure their liability for cargo up to $1,000 on any one truck and up to $2,000 in any one loss involving two or more trucks.

CHAPTER XVII

MARINE INSURANCE

Marine insurance is said to have originated with the Greeks and has accumulated a wealth of customs, traditions and terminology that is bewildering to those not familiar therewith.

Experience Necessary. There is perhaps no branch of the insurance business in which it is so necessary to have technical knowledge, training and experience. This is especially true because there are few standards agreed upon and observed by all marine underwriters and because most rates are not fixed either by schedule or by agreement. In other words, marine insurance is a free market and each line placed is largely a matter of individual negotiation. An attempt to cover even the barest outline in a short statement would be futile, but it may prove helpful to give a few features to be cared for in placing such business.

Export Policies. There are three general classes of marine insurance—namely, cargo, hulls and freights. There are two forms of cargo insurance commonly used in this country known as "export" policies and "import" policies. In placing export policies care should be exercised that the ownership is properly described, that the policy states to whom loss is payable, what interest is insured, whether goods are shipped under or on deck, if insured with average or subject to fpa English conditions and whether risk of breakage, leakage, or of theft and pilferage are to be covered; also loss or damage by sweat, steam of hold or fresh water damage and/or by coming in contact with other cargo; also whether from original point of shipment through to the final point of destination or from and to some intermediate points. If there are any transhipments by rail, water or coastwise steamers, this should be plainly indicated. The valuation should be expressed at the selling price, plus a given percentage, for profits, or increased value, are intended to be covered in cargo insurance policies. If freight is prepaid the same should be noted in the valuation, or if shipment is made under a bill of lading freight guaranteed, vessel lost or not lost, this should also be indicated. The policy should

so state if it covers freight payable at destination and custom duties assessible on the goods, for in adjusting a partial loss the insured would be uninsured for the portion of the loss falling on these interests if they were not specifically covered.

If there is an additional risk while goods are being held at destination in the Custom House, this should be protected as under the warehouse to warehouse clause this feature would not be covered. Where open policies are written the largest expected amount on any one shipment on any one steamer should be stated for that is the limit for which the company is liable in any one disaster.

Import Policies. On import policies the same features should be cared for as on export shipments, except that on shipments arriving from foreign countries the invoices are usually made out in foreign currencies and it is best to have a fixed value given to the pound, franc, mark or other currency in which the value is stated.

Open policies are issued to importers for the purpose of giving them general insurance protection for goods which may be shipped to them, or for which they may be liable, although they have had no previous advices; also for goods shipped by steamer, name of which is unknown. The insured is, however, under obligation to notify the company whenever he knows of shipments that are to be made or the method of shipment, and in the case of goods shipped under letter of credit to give the name and number thereof.

Freight Interests. In covering freight interests it is customary to use the expression "valued at the amount of charter party or at amount of freight list" and policy should otherwise give the nature of the cargo and whether shipped on or under deck.

Hull Policies. There are various forms of policies for insuring hulls, the ones most commonly used in this country being known as the American Hull Form for steel steamers navigating ocean waters; the Boston Schooner Form for sailing vessels and the Yacht Form for pleasure craft. The principal caution exercised in writing this class of business is to see that the ownership is properly expressed, any mortgage interest noted, valuation definitely stated and the waters in which vessel expects to navigate duly described.

PART TWO

FIFTEEN DIVISIONS

Method of Writing Forms and Policies, With Illustrations of Forms, Privileges, Clauses and Special Agreements for the Various Classes of Property.

PART TWO

INTRODUCTORY NOTE

The many forms that will be found herein are intended as illustrations of those in use, in one section of the country or another, and cover rather comprehensively most of the usual classes of property that are the subjects of insurance. There will also be found many forms occasionally used or intended to provide suitably for some exceptional case.

In some States only certain prescribed forms may be used, but it is interesting and helpful, especially to the student, to note the different phraseology used in different parts of the country to give the same measure of insurance protection to the same subjects of insurance. Often there are reasons therefor.

The simplest forms are the ones recommended; many might have less verbiage yet furnish equal or broader cover, but would probably not meet the general desire, for the majority prefer more or less extended descriptions, even though realizing that this tends to narrow the cover. It may be said, however, that the simpler forms are gaining in popular favor, both with agents and brokers and the general public.

It will be noted that the chapter on clauses and conditions deals mostly with those *permissive* in character rather than *restrictive;* the latter differ widely in the various jurisdictions, and no attempt has been made to include them for fear that would be confusing rather than helpful; besides the restrictive clauses will be required, while the use of permissive clauses rests in large measure with the agent or broker.

THE AUTHOR

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THE SPECTATOR

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DIVISION I

WRITING FORMS

GENERAL REMARKS—TITLE AND INTEREST—SEPARATION OF BUILDING AND CONTENTS—MACHINERY—FURNITURE AND FIXTURES—STOCK—BLANKET POLICIES—NON-CONCURRENCY—VALUED POLICIES.

Ideal Forms. The ideal fire insurance form should be clear, concise and complete, leaving nothing to the imagination and containing no language capable of more than one interpretation. In general the simpler the form, the broader the cover; enumeration and wealth of detail in any description of property tends to restrict rather than widen the application of the policy.

Details. It has been so much the habit to give extended details of property, that the very simple forms with no unnecessary verbiage are not those most in use, and this may be due in part to the thought that a long form full of descriptive language will seem more impressive to the insured, and carry to him the idea that he is more securely and more liberally covered than by a form so short and simple as to seem elementary.

Local Rules. In the forms included herein it is sought to give illustration of both the simple and extended phraseology so that both may be available if desired. The language employed may in certain cases run counter to the rules of various associations having jurisdiction over such matters, for the business has not yet reached a condition of uniformity; this will certainly prove true as to clauses, and care must be exercised to substitute the particular clause in use in any given territory for the similar clause which may be quoted.

There are a few general rules for policy writing and form drawing that need to be borne in mind, and these may be briefly rehearsed. (Please read Introductory Note.)

The Title and Interest. It is a general rule that either the *title* or the *form* of the policy must disclose the interest of

the insured, or must in some way put the company on notice if the interest be other than sole and unconditional ownership. If the title reads, "John Doe, as interest may appear," that is sufficient to cover his interest as owner, mortgagee, lienor, contractor, etc.; or if the title reads, John Doe, "On his interest in, etc., that is sufficient to cover any interest: But if the title reads John Doe and the form reads "On building, etc.," with no explanatory language or clause, then the insurance will not be valid unless John Doe is the sole and unconditional owner.

Separation of Building and Contents. It is the general rule that a building must be insured in a separate item from contents, or come under the rule governing blanket policies. The various rating organizations all agree on this general rule, though their requirements differ regarding any further separation, and vary with the different classes of risks.

Residence Property. It is the general custom to insure a dwelling in one item and all contents thereof in another; the same is true of private barns and contents, except that some organizations require a separate item or items on live stock, and in the case of farm property a still further separation.

Insurance on mercantile property is usually separated into three items: One on building and permanent fixtures, another on store furniture and fixtures, and another on stock.

Insurance on manufacturing risks usually covers separately: The building and fixtures pertaining to its service; the machinery and appurtenances; the stock and materials for manufacturing. Sometimes a separate item covers boilers and engines, and another item on patterns, though the latter are usually included with the machinery and a limit clause is attached reading as follows or similarly: "Not more than 10 per cent (or 15 per cent) of this item shall cover on patterns."

Local Rules. The rules of rating associations governing the separation of subjects of insurance into specific items are so varied that any further illustration might lead to confusion; the rules applying in any given territory should be referred to when preparing forms to cover property located therein.

Building. Under the building item it is customary to include with the structure what are termed permanent fixtures. Except where otherwise provided by underwriting rules, these fixtures include the boilers, engines, elevators and apparatus for heating, lighting and ventilating; water pipes and other fixtures pertaining to the service of the building for the purpose for which it is intended, for these are considered as part and parcel of a complete building.

Machinery. Under this item it is customary to cover all the machinery, together with tools, apparatus and supplies for use in connection therewith, except such as are covered under the building item. The machinery item is usually so worded as to include office furniture and fixtures. Care should be taken not to enumerate those things that are covered with the building, for confusion ensues when a loss occurs and it is found that two or more items of the form cover on identical property.

Furniture and Fixtures. In a mercantile or non-manufacturing risk it is customary to cover under this item all the furniture and fixtures, tools and apparatus not covered under the building item.

Stock. Under this item all stock is covered, including boxes, cartons, labels and supplies for use in connection therewith. As a rule, household furniture or wearing apparel in use may not be included in an item on stock.

Note: It is desirable to cover in the building item whatever machinery or fixtures may be included under local underwriting rules, for the building usually bears a lower rate than contents.

Blanket Policies. A policy is termed "blanket," or to have a "blanket form," when it covers under one item property that is usually covered under two or more separate items: For example, dwelling and household furniture; building, machinery and stock, or furniture and fixtures with stock; also, when property in two or more locations, that are considered to be separate fire risks, is covered under one item.

Blanket policies are usually required to have as a part of the contract, the 90 per cent or 100 per cent Coinsurance Clause, or the 80 per cent Coinsurance Clause coupled with the Distribution Clause, or perhaps the Distribution Clause alone.

Usually only manufacturing or large mercantile establishments are insured under blanket policies.

Sometimes it is desired to include in a schedule of properties certain buildings and their contents considered of less desirable character than the other buildings. For instance, a schedule of sprinklered buildings may include certain unsprinklered buildings, or a plant schedule of generally non-hazardous buildings may include certain ones containing severe hazard. For the purpose of maintaining the quality of the risk insured and often as a factor determining an equitable rate clause such as the following is made part of the form:

> "In consideration of the reduced rate at which this policy is written it is a condition of this insurance that the liability under this policy applicable to the following buildings and their contents shall be limited to: Building five, $1,000; Building eight, $600; Building ten, $2,000 or its pro rata proportion of such amounts with other concurrent insurance if any."

Among the other things to be kept in mind in drawing forms are the following:

1. The item bearing the lowest rate should include as much property as the rule will permit. For example, in some jurisdictions machinery may be included with the building insurance, such as refrigerating apparatus in cold storage plants; again, fixed seats and desks in a school, or fixed seats in a theatre.

2. Whenever a plan showing numbered buildings is referred to in an insurance form it should identify the plan by date or otherwise and state where it is filed. Whether rating authorities require it or not, it is advisable to have a plan of the property, with each building number, filed with the agent or broker controlling the insurance and with the rating authorities. No change of numbers or plan should be made without corresponding notations on the plans filed.

3. Overlapping: It is important that the same property shall not be covered in both of two separate items of a form as, for example, catalogues under the item on stock and also under the item on furniture and fixtures. To do so may cause confusion, create non-concurrency, or affect coinsurance requirements.

LABELS, CATALOGUES, PRICE LISTS AND ADVERTISING MATTER

The question is often raised whether the above should be covered under the stock or the fixture item in a mercantile establishment. Some argue that labels should go with stock since they are in a sense "unfinished material," and that catalogues, price lists and advertising matter normally are separate things, have separate uses and should be included in the fixing item. The important thing is that they shall clearly be covered under the stock item or the fixture item and not under both. Labels affixed to stock would be covered under the stock item without being mentioned; likewise catalogues, price lists and advertising matter included in package goods, so it is really the reserve stock that needs consideration and it does not matter whether this is put under one or the other items, although the consensus of opinion is that they might better be in the fixture item.

Non-Concurrence. One of the most important things in writing and placing insurance is to make certain that all policies covering identical property in whole or in part shall be concurrent. This does not mean that the forms must necessarily be identical, word for word, but it does mean that in effect and application their terms and conditions must be the same so far as they affect liability for loss or the apportionment of loss. The most frequent form of non-concurrence is where some policies cover specifically and other policies cover blanket over two or more separate properties. To illustrate:

If policy 1 covers $4,000 on building A,
policy 2 covers 5,000 on building B, and
policy 3 covers 3,000 on both A and B,

such insurance is non-concurrent and would be still further complicated if the coinsurance clause were attached to the policies. Other familiar forms of non-concurrence are: Where some policies bear the coinsurance clause and others do not, or where they are in different percentages; where some cover in building and others in building and yard adjacent; where some cover building and additions while others cover building only. One famous case is where two buildings were separately insured in different companies and each form read, "building and additions or extensions adjoining or communicating." They were situated on two different streets and came nearly together in the rear in the form of a right angle. In this angle there was a structure which adjoined both buildings and communicated with each and this contained an elevator that served both in common. This elevator structure was erected jointly by the owners of both buildings on land belonging part to one and part to the other. The fire destroyed this structure and damaged each adjoining building. The question arose which set of policies should pay the loss to the elevator structure and if both should pay then in what proportion.

Less Important Kinds. There are certain forms of non-concurrence that are not substantial, for example, one policy on stock may describe it in great detail, another may read simply, "on stock of merchandise," but both would presumably pay any loss that either would pay. A privilege may be worded in many different ways under different policies but so long as the things granted are the same the non-concurrence of phraseology is not substantial. These, however, are excuses rather than reasons for not having all policies read exactly alike, word for word, which is much the better and safer way.

The Test. The importance of concurrent insurance can hardly be overstated, and in examining policy forms the test to be applied is this: Do these policies attach in such manner that any loss which happens will be covered without question arising as to which policies or items will pay same or in what proportion?

Definition of Valued Policies. In some States there is a statute in force, commonly called the valued policy law, under which the amount of insurance covering a building and in force at the time of fire is considered to be the value of such building, regardless of what its real value may be; and if the building is so far destroyed by fire that it cannot be repaired, then the insurance must be paid in full, regardless of whether such insurance is in excess of the real loss or not. In one or two States this law is also extended to include certain classes of personal property.

Modifications. Some authorities hold that a valued policy merely fixes the value of the property covered as at the inception of the policy, and that if it has depreciated in value the insurance cannot be held liable for more than the stated value less depreciation. An illustration of this view is made as follows: Assume that a valued policy for $5,000 has been placed on a building, and that subsequently a tornado carries off the roof which will cost $1,000 to replace. Some time later, no repairs having been made, the remainder of the building is destroyed by fire. In such case it is not believed that the courts would require payment of the face of the policy if it were conceded that the original value of the building was not more than $5,000. This being true, it is argued, would not the insurance be entitled to *any* depreciation in value that could be shown to have taken place subsequent to the issuance of the policy.

For this reason it is held by these authorities that the insured should not rely, under any and all circumstances, on a recovery of the face of a valued policy.

Pernicious; Uneconomic. The valued policy law is generally held by thoughtful and observant minds to be pernicious, subversive of economic law and the principle of indemnity upon which fire insurance is based; to be wrong in theory, harmful in practice and a direct incentive to fraud. Where such a law exists, especial care needs to be exercised in fixing the amount of insurance to be carried. The rules to be observed in issuing policies covering buildings, or other property if affected, differ in the various States where such a law is in force, but there is one rule that is universal, namely, not to write nor permit more insurance than the actual cash market value of the property covered. Some times, in writing policies on buildings, the total insurance permitted is limited in the policy under the following or similar wording:

> "The insurable value of the building described herein is fixed at $....., and total concurrent insurance thereon, including this policy, is hereby permitted to that amount only."

Applied to Personalty. While the valued policy law is a vicious one as applied indiscriminately to buildings, the value of which may be determined with fair accuracy and does not vary greatly from time to time, it is doubly so when

applied generally to personal property, where values are constantly changing and cannot in the nature of things be kept track of. Nevertheless, there are certain classes of personal property whose values fluctuate little, if any, which it is quite customary to insure under a valued form of policy, for the reason, that, because of their peculiar character, it has been found to work out more satisfactorily in practice to agree on the value beforehand, rather than to leave this for determination after loss has occurred and the property covered has been destroyed. Within these classes are embraced pictures, paintings, etchings, statuary and other works of art; curios, antiques, rare stamps, negatives, specimens and documents, and in some cases violins, cellos and other musical instruments; valuable horses, cattle or other live stock; collections, or other property of unusual value. As a rule, valued policies on personal property are not written until submitted to and approved by the company; many companies decline them altogether.

The forms in use for insuring personal property with the value fixed may be illustrated in a general way by the following two forms:

VALUED FORM NO. 1

$....On paintings, including frames and/or shadow boxes, as per schedule following herewith, while contained in the two and one-half story frame slate roof dwelling, situate No. 100 Elysian Field, Tarrytown, New York.

It is understood and agreed that the amount stated opposite the name of each picture shall, for the purposes of this insurance, be considered the value thereof.

$....Portrait of Mrs. John Doe by Sir Joshua Reynolds.

$....Arabian War Scene, by Fortuny.

$....An oil painting; "Vanity"; young girl in rose colored empire gown standing before a mirror; by Walter McEwen

VALUED FORM NO. 2

On the following described property while contained in the three-story frame shingle roof dwelling, situate.....

$....On antique Chinese screen of 7 folds, portraying an elopement and attributed to the Eighteenth Century period, valued at $.....

$....On United States Silver Dollar coined in the year 1814, valued at $.....

$....On a six-foot mahogany side board, Chippendale pattern, valued at $.....

It should be borne in mind that the phrase, "Valued at $....," or other similar language, definitely establishes the value of the property so described, and all that is incumbent on the insured to sustain a claim in respect of value is to prove that property destroyed by fire is actually the identical property described and valued in the policy.

Where a *limit* of value is to be fixed the phrase, "Valued at $....." should not be used, but instead "not exceeding $..... to apply on any one....," or in some cases "value limited to not exceeding $....." may be used.

Note: Other occasional instances will be found elsewhere in this book where for one cause or another fixing values in advance serves to protect both insured and insurance company interests.

DIVISION II

SPECIAL AGREEMENTS

GENERAL REMARKS—GENERAL PRIVILEGES AND CONDITIONS—OTHER INSURANCE—LIGHTNING CLAUSE—DYNAMO CLAUSE—KEROSENE OIL STOVES—HEIRS AND ASSIGNS—WORK AND MATERIALS—NOON—FOUNDATIONS—LEASED LAND—DIVISIBLE CONTRACT—BONDS AND MORTGAGES—FORECLOSURE—ACT OR NEGLECT—CONTRACT OF SALE—COMMISSION (IN TRUST) CLAUSES—GUESTS AND SERVANTS CLAUSE—EXCLUSION CLAUSES—MISCELLANEOUS CLAUSES.

In addition to drawing a form that shows the interest correctly, that properly describes and locates the property intended to be covered, and that is free from non-concurrency, care should be exercised that permission be given for any violation of the policy conditions of which the agent has knowledge at the time of issuing the policy, in so far as they are present in his mind.

Interrogation Not Required. It is not customarily held to be the duty of the agent to interrogate the insured regarding all possible violations of the policy conditions one by one, but ordinary care in drawing the contract will lead him to include therein the permits that are customarily granted when insuring all classes of property, and, also, the special permits usually applicable to given classes of risks. For example, practically all risks are lighted artificially, therefore, proper permit should be given when lighting is by some system that requires permission, such as by electricity, or by gasoline, acetylene or Blau Gas systems. Again, printers commonly clean type with benzine or gasoline, therefore, proper permit should be attached covering that feature when insuring printers.

Insured's Obligation. The wise and prudent agent will always ask the insured to read over the policy, including both the written and the printed portions, in order that the policy

when issued may contain all the provisions necessary to make it a valid contract according to conditions as they exist at its inception.

GENERAL PRIVILEGES AND CONDITIONS

There are certain general privileges granted or conditions incorporated in insurance policies that are applicable under certain circumstances when covering any and all classes of property. Some of these are as follows, though the wording of such clauses may differ in the different parts of the country:

(1) "Other Insurance Permitted Without Notice Until Required." This is commonly used on all forms (except where it is not intended to permit it), and is essential to the safety of the contract, since otherwise the existence of other insurance would void the policy. Sometimes this permit is made to read, "Privilege granted for other insurance," "Other concurrent insurance permitted," or "Other concurrent insurance permitted to the extent of $..... only." Sometimes the following clause is used:

It is a condition of this insurance that the permit in the policy form attached to the policy, granting permission for other insurance, is hereby abrogated and in lieu thereof permission is hereby given for other insurance, but the total amount of insurance permitted, including this policy, shall in no case be in excess of the following stipulated amounts, anything in the policy or the policy form to the contrary notwithstanding.

Item No. 1..$....., Item No. 2..$....., Item No. 3..$.....
Item No. 4..$....., Item No. 5..$....., Item No. 6..$.....

(2) Lightning Clause. The lightning clause is usually attached to all policies of fire insurance. The New York Standard clause reads as follows:

"This policy shall cover any direct loss or damage caused by Lightning (meaning thereby the commonly accepted use of the term Lightning, and in no case to include loss or damage by cyclone, tornado or windstorm), not exceeding the sum insured, nor the interest of the insured in the property, and subject in all other respects to the terms and conditions of this policy; provided, however, if here shall be any other insurance on said property this Company shall be liable only pro rata with such other insurance for any direct loss by Lightning, whether such other insurance be against direct loss by Lightning or not."

(3) Dynamo Clause. When electrical machinery and supplies are insured, the dynamo clause is usually required, one form of which reads as follows:

"If dynamos, exciters, lamps, motors, switches, or other electrical appliances or devices are covered under this policy, this company shall not be liable for any electrical injury or disturbance, whether from artificial or natural causes, unless fire ensues, and then for the loss by fire only."

(4) "Privilege Granted for Kerosene Oil Stoves for Heating and Cooking." The policy permits the use of kerosene oil for light but makes no mention of stoves, hence, this privilege is advisable on all policies where stoves are likely to be used.

(5) "In the event of the death of the insured this policy shall continue in force for the benefit of the heirs, administrators or assigns as interest may appear."

"The use of this provision probably arose prior to the use of the present standard policies because under the old forms there was some doubt whether the policy covered the insured's property passing to others upon his death. The present policy provisions render this language unnecessary."

(6) Work and Materials Clause. This clause is worded in a number of ways, the following being an example:

"Permission granted to do such work and to keep and use such materials as are usual in the business of (specifying the business)." Sometimes the following is added to the clause:

"but the use, handling or storage of benzine, benzole, gasolene, naphtha, calcium carbide, fire-works, nitro-glycerine, dynamite, ether, collodion, lacquer (or "banana liquid") and rubber cement is prohibited unless specific permission is indorsed hereon, otherwise this policy to be null and void."

The printed conditions of the policy provide that it shall become void if certain specified articles are kept, used or allowed on the premises, or if the hazard be increased within the control or knowledge of the insured. The clause first quoted is intended to permit the use of any articles or the doing of any work, if "usual" in the specified business, whether that involves increase of hazard or the use of the interdicted articles. The added language qualifies this only by forbidding the use, handling or storage of the articles enumerated therein.

(7) "Where the Word 'Noon' is used Same Shall Be Construed to Mean Standard Time at the Location of Property Involved." The Policy specifies that liability shall begin and end "at noon," and this clause is designed to avoid confusion with "Sun" time in use in many localities.

(8) "Foundations of Buildings Below the Level of the Ground and Cost of Excavations are not Covered Hereunder." There is no occasion for this clause except where coinsurance is a part of the policy contract. Usually little, if any, damage to such portions of a building result from fire and by excluding them less insurance is necessary.

(9) "It is Understood and Agreed that this Policy Shall Not Be Invalidated If Building Stands on Leased Land." The policy provides that if the building stands "on ground not owned by the insured in fee simple" the policy is void. Hence, the necessity for this privilege where land is leased. Ground rents are quite customary in some cities—practically the entire City of Salamanca, New York, stands on land leased from the Indians—and such leases are frequent along the right-of-way of a railroad, or near piers and wharves. Care should be exercised in each case where building is insured to learn whether the land on which it stands is owned or leased.

(10) "It Is Understood and Agreed That This Policy Shall Be Considered a Divisible and Severable Contract, As If Separate Policies Were Issued on Each Building and/or Its Contents." The policy by its terms provides that a breach of condition voids the entire policy, not merely the one item which may be affected. Thus, vacancy beyond ten days of one building out of twenty insured would render void the entire policy. This does not seem just nor the true intent of the contract and several States have held that the policy is a divisible contract in spite of its terms, but it is much safer to insert the condition quoted in the form and save all trouble, particularly in schedule forms covering separate and distinct risks.

(11) "It Is Understood and Agreed That the Existence of Bonds and/or Mortgages Covering in Whole or in Part the Property Described Herein Shall not Invalidate this Insurance." Large corporations frequently execute a mortgage covering their entire property, both real and personal, as

security for a bond issue, and since such mortgage would be in part a chattel mortgage, this clause is desirable on all policies issued to corporations. Sometimes such policies are made payable to trustees for bondholders and in such case there is usually no objection to the attachment of a mortgagee clause.

(12) "Consent Is Hereby Given for Foreclosure Proceedings to Be Commenced on the Within Described Property or Notice Given of Sale Thereof by Virtue of Mortgage or Trust Deed." This condition is usually permitted in the form only when covering property in the larger cities and should not be used when insuring outlying or country property, except by endorsement in case of necessity.

(13) "This Insurance Shall Not Be Invalidated by the Act or Neglect of Any Other Occupant of the Within Described Premises, Providing Such Act or Neglect Is Not Within the Knowledge or Control of This Insured." The reason for attaching this condition is because some authorities hold that the breach of condition of the policy by any tenant of a building affects all the insurance attaching on or in the building.

(13A) "This Insurance Shall Not Be Invalidated by Breach of Warranty Not Within the Control of This Insured." Certain policies are required to contain warranties over which the insured can exercise no control, such as sprinkler or watchman warranty in a public warehouse.

(14) "The Execution of Contracts of Sale Shall Not Prejudice This Insurance." The use of this clause is generally held to protect the insured's (vendor's) interest in realty under contract of sale, even though the vendee is let into possession; but it does not extend the insurance to cover the vendee's interest.

Another form is sometimes used, which is self-explanatory:

> "Contracts of sale may be entered into without prejudice to this insurance, which shall continue for the benefit of vendor and vendee, as interest may appear, until the delivery of deed, but this insurance shall not attach if other insurance (except renewals of existing policies) has been procured subsequent to execution of contract of sale." (See also Contracts of Sale.)

(15) COMMISSION (IN TRUST) CLAUSES

Such clauses read variously, a common form being as follows:

His own or held by him in trust, or on commission or consignment, or on storage or for repairs, or sold but not removed, or for which he may be liable.

Where Used. This clause is principally used on forms insuring stock, although it is also used somewhat on machinery forms. When introduced it was evidently intended to cover the insured's interest in—and legal liability for—property belonging in whole or in part to others, but it has been given a very much broader meaning by the courts. Regardless of whether the merchant, the manufacturer, or the warehouseman has assumed responsibility or is legally liable for property of others that is on his premises, or has agreed to cover it with insurance, the courts have held that the language quoted, if on his policies of insurance, gives each owner of such property the right after a fire to ratify the insurance so placed and make claim thereunder for loss or damage to his goods. It does not matter that the insured did not contemplate this, nor provide sufficient insurance to cover the value of all the property in his keeping in addition to his own, nor that his own loss alone is more than the amount of his insurance, nevertheless it has been held that he must share his insurance with the owners of such property pro rata.

Rarely Beneficent. It will be seen, therefore, that this clause, while intended to be beneficent in character, may work to the serious disadvantage of the insured, and if it is contained in his policy form he must be prepared, in order to be safe, to carry insurance sufficient in amount to cover adequately the value of all the property in his premises.

Necessity for Cover. There are many cases where the insured has an interest in property in which others also have an interest; for instance, where materials have been sent for manufacture and he has expended labor and findings thereon. Goods are often held on commission or otherwise on consignment which the custodian has agreed to keep insured, and there are other cases where it is necessary or desirable to assume liability for property of others. Hence,

it becomes necessary to provide insurance which will give the proper protection without being open to the objections set forth in the foregoing. There are two ways in which this may be accomplished:

First, by taking out separate insurance, either by a separate policy or under a separate item, specifically covering property for which the insured is legally liable and excluding his own property therefrom.

Second, by substituting for the customary commission clause one reading as follows:

> "the property of the insured; and on the interest of the insured in and/or liability for similar property held by the insured, whether on storage, or for repairs, or otherwise, and belonging in whole or in part to others."

Another form of clause, in use in the West, reads:

> "the property of the insured; and, providing the insured is legally liable therefor, this item shall also cover such merchandise held in trust, or on commission, or sold but not delivered."

Whenever any commission clause is used it is recommended that a clause be inserted in the form excluding property on which there is specific insurance. (See Exclusion Clauses.)

(16) GUESTS AND SERVANTS CLAUSE

Such clauses read in various ways, the common form being "belonging to the insured or any member of the family, guests or servants." An extreme form of the clause reads, "The property of the insured or any member of the family or household, their relatives, friends, guests, and/or servants." Such clauses are used on household furniture forms evidently with the thought that the broader cover is a better contract for the insured. It is, however, open to the same objections that obtain in the case of commission clauses, namely, that it gives to guests and others the right to a portion of the householder's insurance in case property belonging to them while in his house is damaged by fire. If the policy is made to cover the property of the insured and members of his household, it would undoubtedly cover that owned by himself, wife, children and relatives living with him. It can hardly be disputed that it would also cover the

property of servants, for they are in fact members of the household or family, so recognized alike in law and custom.

Proper Method. If the insured wishes to assume liability for the property of guests and others, this may be safely done by taking out a separate policy, or having a separate item, specifically covering the property of guests separately from his own. It is seldom that the host wishes to do this and it is therefore suggested that the safe clause to put on a household furniture policy is one reading as follows:

"The property of the insured or any member of his own family and on the legal liability of the insured for loss or damage to similar property of others."

Then, if the host assumes the liability of protecting his guests against loss by fire, this clause will cover their property.

As a mean between the two extremes the following clause has been adopted for use in the West.

"Not exceeding ten (10) per cent. of the amount of any item of this policy on personal property shall cover also, as per above form, property of guests, and servants, loss, if any, to be adjusted with and payable to the insured named in this policy."

(17) EXCLUSION CLAUSES

(Property specifically insured.)

There are many forms of general clauses in use for excluding property that is more specifically insured, the following being examples:

"This policy does not cover property specifically insured."

"This policy shall not be held to cover personal property of others that is specifically insured."

"This policy does not cover on any of the above mentioned property that is the subject of more specific insurance."

"Any particular machine or any other article or property above described, on which there is specific insurance, shall not be covered by this policy."

"This policy does not cover the assured's interest in personal property in which parties other than the assured also have an insurable interest when the assured's interest in said property is otherwise specifically insured."

"The following, if the subject of more specific insurance, shall not be covered hereunder:

Personal property belonging exclusively to parties other than the insured specifically named herein;

The insured's interest in and/or legal liability for personal property in which others also have an insurable interest."

"This policy shall not cover personal property belonging to others, nor the interest of the insured in and/or liability for personal property belonging in whole or in part to others, or held on storage or for repairs, when such property, interest, and/or liability is the subject of more specific insurance."

Note: The two last clauses should not be used unless the commission clause is a part of the contract.

To any of the foregoing or other exclusion clauses which may be used, the following provision is sometimes added:

"except for the excess of value over such specific insurance."

The object in attaching a clause excluding property specifically insured is chiefly to prevent the general insurance from contributing with such specific insurance in the payment of a loss, for this is apt to work to the disadvantage of the holder of the general insurance, and all the evils, pitfalls and vexations of non-concurrency may flow therefrom.

Some of the rating organizations prescribe the exact form of general exclusion clause which shall be used.

MISCELLANEOUS CLAUSES

(18) "It is understood and agreed that when the insured is the owner of the building, and any of the above property is enumerated under building policies, that this item does not cover such property."

NOTE: Used on policies covering machinery or fixtures.

(19) "The enumeration herein is intended to be descriptive not restrictive."

NOTE: Used on any kind of form, but of little effect.

(20) "If any policy of fire insurance covering property described herein is subject to coinsurance or average conditions, this policy shall be subject to the same conditions."

NOTE: This conditional coinsurance clause was formerly quite often used, but seldom now, and it is doubtful if such a provision could be enforced.

(21) "It is understood that pitcures or other property on which there is specific insurance are not covered by this item."

NOTE: Used on household furniture policies.

(22) "It is understood that property puchased on the installment plan is included in this policy, and for the purpose of this insurance the insured is considered the sole and unconditional owner of such property."

(23) "Property purchased under any installment or credit plan is covered under this item to the extent only of the insured's interest therein."

NOTE: These two clauses are used mostly on household furniture policies.

(24) "It is understood that such of the above described property as may be the subject of more specific insurance is not covered hereunder."

NOTE: Used on stock and/or machinery forms, but not always permitted.

(25) "It is understood and agreed that loss, if any, on goods contracted for and awaiting shipment shall be adjusted on the basis of the contract price."

NOTE: Used on merchandise forms, but not always permitted.

(26) "For the purpose of adjustment of loss, if any, under this policy, it is understood and agreed that stock and/or supplies purchased from another department of insured's industries, and insured under this policy, shall be considered the same as though purchased elsewhere."

NOTE: Used on stock policies under conditions as indicated.

INVENTORY AND IRON SAFE CLAUSE

(Requirement to Keep Books and Inventory)

It is made a condition of this insurance: (1) That the assured under this policy shall take an inventory of the stock and other personal property hereby insured at least once every twelve months during the term of this policy, and unless such inventory has been taken within one year prior to the date of this policy, one shall be taken in detail within thirty (30) days thereafter; (2) That the assured shall keep a set of books showing a complete record of business transacted, including all purchases and sales both for cash and credit; (3) That the assured shall keep such books and inventory securely locked in a fireproof safe at night, and at all times when the store mentioned in the within policy is not actually open for business, or in some secure place not exposed to a fire which would destroy the building where such business is carried on; (4) That in case of loss the assured shall produce such books and last inventory.

Note: Used on all stock policies in certain territories.

EXPOSURE CLAUSE

It is made a condition of this insurance that no change in exposure shall take place during the term of this policy, by the erection of other buildings, or otherwise, within sixty (60) feet of property insured hereunder without due notice to this company and consent therefor endorsed hereon.

NOTE: Used in some territories on dwelling and mercantile policies.

RUBBISH CLAUSE

In consideration of the rate of premium at which this policy is written, it is a condition of this insurance that the premises described in this policy shall be kept clear of loose hay, dry grass, weeds and rubbish for a distance of at least fifty (50) feet surrounding any building described in this policy; and in the event of failure on the part of the assured to comply with the foregoing condition, this policy shall be null and void.

NOTE: Used in some places on oil tank, hay barn and similar policies.

BITUMINOUS COAL OR SPONTANEOUS COMBUSTION CLAUSE

(Uniformity East)

In consideration of the rate of premium at which this policy is written—no claim will be made on this Company for loss or damage to coal, or for salvaging thereof, resulting from fire or heat caused by fire originating in the coal stored on the premises described in this policy.

Radio Equipments. The installation of radio receiving and signalling apparatus has recently been so extensive that the National Board of Fire Underwriters (New York) has issued rules and regulations therefor which are now available upon request. While there might be exceptions thereto, it is the general opinion among underwriters that the presence of either broadcasting or receiving apparatus properly installed is not an increase of hazard as contemplated in the fire insurance policy and therefore it is not considered necessary that policy be endorsed with privilege for such installation or use.

MISCELLANEOUS CLAUSES

(The following clauses are included for ready reference purposes, or as matters of interest.)

Chimneys—Warranty For Standard Chimneys, Built From the Ground.—In consideration of the reduced rate at which this Policy is issued, it is warranted by the assured that the building described in this Policy is provided throughout with brick, stone or eight-inch reinforced concrete chimneys built from the ground and that there is no flue constructed of other material than brick, stone or eight-inch reinforced concrete, and none which is built on joists or brackets or which has not its foundation upon the ground, nor any metal stovepipe carried through a floor, partition or ceiling and it is further warranted that no chimney or flue shall be erected during the term of this Policy of other material than brick, stone or eight-inch reinforced concrete built from the ground, and that no metal stovepipe shall be carried through any floor, partition or ceiling. If this warranty is violated in any particular, this Policy shall be null and void.

Fire Protection Clause.—In consideration of the reduced rate at which this policy is written, it is hereby made a condition of this insurance that all of the private fire protection, for which credit is given in the rating on the within named property, shall at all times be kept in good condition and complete working order, whether it be fire-plug and hose, with spanner—or casks of water and fire-pails—or watchman's clock and records—or fire-pump—or any other kind of private fire protection; and assured agrees that in event of failure to do so, this policy shall be null and void, unless the interruption of such fire protection be from circumstances not within the control or knowledge of the assured, or which could not have been prevented by the exercise of due diligence on the part of the assured.

Watchman's Clause.—In consideration of the reduced rate of premium at which this policy is written, it is made a condition of this policy that, so far as within the control of the insured, an approved watchman's service with approved recording system or watch clock shall be maintained at such times as the premises are not in actual operation.

"Railroad Subrogation Waiver."—It is understood and agreed that any release from liability in a written contract entered into, prior to loss hereunder, by the insured with a railroad company as a condition of obtaining side track or other accommodations, shall in no way affect this policy or the rights of the insured to recover hereunder.

Pool Hall Clause.—If this policy, or any item thereof, covers on the contents and equipment of a pool or billiard hall, or on a building any part of which is occupied by the owner for pool or billiard hall purposes, it is a condition of this insurance that the insured is the holder of a pool hall license duly issued by the county judge of the county in which the property insured hereunder is situated; that he has complied with all the provisions of the state law as regards the operation of pool halls and also has complied with the ordinances and laws of the local municipality regarding the operation of pool and billiard halls.

If at any time during the life of this policy, such pool hall license shall, for any cause whatever, be revoked by the county judge, or if, upon expiration of such license, renewal of the same be not granted, or if at any time during the life of this policy, authority to transact such business be revoked by municipal or state authority, for any cause whatever, or if any suit or action shall be commenced seeking the revocation or in any manner involving the validity of said license, this policy at the time of such revocation expiration or beginning of such action, shall become *null and void.*

If this policy, or any item thereof, covers upon a building, any part of which is occupied by tenant for pool or billiard hall purposes, the owner of such building agrees that failure on the part of the proprietor, lessee, or occupant of said pool or billiard hall to comply with any of the conditions of this clause shall render this policy null and void.

If the premium on this policy has been actually paid and this policy shall become null and void, as provided herein, upon surrender of said policy to this company or its authorized agent pro rata return premium will be refunded to the insured for the unexpired time of the policy from the date it becomes null and void.

INHERENT EXPLOSION CLAUSE

(This Clause void as to Tornado Insurance)

1. In the interest of the insured, the condition of this policy excluding loss or damage from explosion is hereby modified, and in consideration of the rate at which this policy is written, this Company shall be liable for any direct loss or damage to the following described property (only while said property is covered by this policy) .....

.....

Here List and Describe the Property on Which Liability for Inherent Explosion is Assumed

.....

No Liability is Assumed Except on Property Described in this Space

.....

caused by explosion occurring in any structure in the plant, of which the building (s) covered hereunder or containing the prop-

erty covered hereunder, form a part. Provided, further, that in each and every instance the explosion results from the hazards inherent in the business as conducted therein and not otherwise and except as hereinafter provided.

2. **EXCLUSIONS:** This Company shall not be liable for loss occasioned by or incident to the explosion of steam engines, steam or hot water boilers, steam pipes, water heaters, or their connections, caused by internal steam or water pressure; nor for loss occasioned by the explosion of internal combustion engines, flywheels, pulleys, abrasive wheels or moving or rotating parts of machines, unless fire ensues and then for loss or damage by fire only.

3. If there shall be any other fire insurance on the property covered by this policy, this Company shall be liable only for such proportion of any direct loss or damage caused by fire or by any hazard covered by this Inherent Explosion Clause, as the amount of this policy bears to the whole amount of fire insurance applying, whether such other fire insurance contains a similar clause or not; subject, however, to the limitations of Paragraph 4.

4. It is a further condition of this policy that if there be other insurance other than Fire Insurance Contracts covering any hazard assumed under this Inherent Explosion Clause, in the event of loss or damage covered by this Inherent Explosion Clause, the insurance under this policy shall apply pro rata to each individual property unit with all such other insurance covering such unit, in the proportion that the value of each such individual unit bears to the total value of all property covered by this policy.

5. The liability of this Company for any or all of the hazards insured hereunder shall not exceed the amount of this policy nor the interest of the insured in the property herein described and shall be subject in all other respects to the terms and conditions of this policy.

DWELLING INHERENT EXPLOSION CLAUSE

(This Clause void as to Tornado Insurance)

In the interest of the insured, the condition of this policy excluding loss or damage from explosion is hereby modified and in consideration of the rate at which this policy is written, this company shall be liable for any direct loss or damage to the property insured hereunder caused by explosion occurring in the structure (or structures) insured hereunder or containing the property insured hereunder; provided further, that in each and every instance the explosion results from the hazards inherent in the occupancy as described herein and not otherwise and except as

hereinafter provided. The liability of this company for any or all of the hazards insured hereunder shall not exceed the amount of this policy nor the interest of the insured in the property and shall be subject in all other respects to the terms and conditions of this policy.

If there shall be any other fire insurance and/or explosion insurance on the property insured hereunder this company shall only be liable pro rata with such other insurance whether such other insurance be against loss by explosion or not and this company shall only be liable pro rata with all insurance covering in any manner the hazards or loss insured against by this policy.

This company shall not be liable for loss or damage occasioned by or incident to the explosion, collapse or rupture of steam boilers or internal combustion engines, caused by internal pressure, unless fire ensues and then for loss or damage by fire only.

MOTION PICTURE MACHINE PERMIT

(For use with non-inflammable safety film (Acetate Base)

In consideration of the compliance by the insured with the following warranties, any violation of which renders this policy void, permission is hereby given for the use of motion picture equipment.

IT IS WARRANTED

That incandescent electric light only shall be used in the machine.

That only non-inflammable safety films (acetate base) will be used.

That permission hereby granted is operative only when not in violation of any law, statute or municipal restriction.

NOTE: The foregoing permit is used where required for attachment to residence policies.

DIVISION III

RESIDENCE PROPERTY FORMS

Policies on this class of property usually cover, separately, the building and the contents, except that barn contents are often required to have the livestock covered under a separate item, and farm barn contents require a further separation. Policies usually contain the following permits and clauses, worded in accordance with local rules:

Other Insurance, Lightning, Electric or other Lighting that may be required, Kerosene Oil Stove, Mechanics, Gasoline or Benzine for House Use; also Vacancy or Unoccupancy as permitted, together with such other clauses as may be necessary or desirable, or as may be required by local underwriting rules. (See also Special Agreements.)

Incubators, brooders or hovers, if used, require a special permit applying to the building (or contents) where kept; likewise a special permit is required if an automobile is kept in any building insured. (See also Special Agreements.)

Note: (a) Under various restrictions locally applying, fences, lawn furniture, yard fixtures, shrubbery, outside toilets, other small outbuildings, and similar property, may be covered under the dwelling.

(b) Usually the following clause will be approved in a policy covering household furniture:

"It is understood that carpets, rugs, oil cloths, bedding, linen and wearing apparel are covered while being cleaned, aired or dried out-of-doors on same premises."

The various jurisdictional bodies adopt their own individual forms, often differing in wording, sometimes because of individual ideas, sometimes because conditions differ. Hence, the following forms serve as illustrations of those in use. Each item of such forms may be used to write separate policies, or any combination thereof, or brought together in one policy as in the illustrations, to effect such cover as may be needed.

STANDARD DWELLING FORM (1939)

(To be used for private dwellings and contents and private outbuildings and contents only where located within 500 feet of a public hydrant and within 1½ miles of a public fire department station.)

The following is attached to and forms part of Policy No. ..... of the .....
Insurance Co., issued at.....
Dated ....., 19.... .....Agent.

1. $....On the .....story.....
building and additions, with.....roof, while occupied as a Dwelling, including all permanent fixtures belonging thereto while therein or thereon, situate No.....on the .....side of .....
Street, within the corporate limits (City or Village) of .....
.....County of .....
State of New York, and located within 500 feet of a public fire hydrant and within 1½ miles (three miles if motor apparatus) of a regularly organized and equipped volunteer or paid available fire department station of said municipality, measured on public highways. This policy also to cover awnings, door and window screens, storm doors and windows, belonging to the dwelling, in place or stored in the above building or in the outbuildings on the premises.

2. $....On household and personal property of every description such as is usual or incidental to a dwelling, belonging to the insured, or any member or servant of the family (including drawings and manuscripts, at not exceeding cost, but excluding articles specifically insured), and on the interest of the insured in and/or legal liability for similar property belonging in whole or in part to others; all while contained in the above described building, and, if not otherwise specifically insured, while in outbuildings on the above described premises or in the open on said premises, but the liability of this Company for loss or damage to said property in outbuildings shall not in the aggregate exceed five per cent (5%) of the amount of the insurance under the item covering houshold goods.

.....

3. $....On the .....story.....
building and additions, with.....roof, while occupied for private.....purposes, including all permanent fixtures thereto while therein or thereon, situate on the above described premises.

4. $....On vehicles of every description, harness and other equipment, hay, grain, straw, feed, barn and garden tools, while contained in the above described building, but the insurance under this item does not cover household furniture or merchandise on storage, automobiles, motorcycles or parts thereof.

5. $....On live stock, in case of loss to be valued to exceed the sum of $....., no one cow to exceed the sum of $.....,
no one.....to exceed the sum of $.....

while contained in the above described building. Live stock is, also, covered against death only caused by lightning (meaning thereby the use of the term lightning as stated in the Lightning Clause herein) while on the premises or elsewhere.

6. $....On.....building with ..... roof, occupied as private garage, situate on the above described premises.

7. $....On.....contents thereof, excluding household furniture, merchandise on storage, automobiles, motorcycles, or parts thereof.

8. ....On .....

9. $....On rental value of the building described under Item No.....of this policy.

THE PROVISIONS PRINTED ON THE BACK OF THIS FORM RELATING TO RENTAL VALUE ARE HEREBY REFERRED TO AND MADE A PART HEREOF WHEN A CERTAIN AMOUNT IS SPECIFIED AND INSERTED IN ITEM NO. 9.

$....Total Insurance.

This Company shall be liable only for loss or damage to the property described in items having the amount of insurance thereon filled in, and if no amount is named in any one or more of the above items, no liability for loss or damage to property described in such item is assumed.

(a) All buildings hereby insured, or containing the property insured, have none other than chimneys and (or) flues constructed of brick, stone, concrete and (or) concrete block [if built of stone, concrete and (or) concrete block to have flue lining], to be built from the ground or from a living room and not from an attic, and that all smoke pipes enter chimneys unobstructed from view, at a point below the attic, except as follows:.....

(b) None of the buildings hereby insured or containing the property insured is in a continuous row or group, except as follows: .....

(c) The dwelling hereby insured or containing the property insured is not occupied by more than three families and the barn is not used for the stabling of more than four horses except as follows: .....

WORK AND MATERIALS CLAUSE—Permission is hereby granted for such use of the premises as is usual and incidental to the occupancy as herein described and to keep and use all such appliances, devices and materials (including gasoline and such other materials as are prohibited by the printed conditions of this policy) in such quantities as are usual and incidental to such occupancy.

SPECIAL PRIVILEGES

OTHER INSURANCE—Permission for other insurance.

VACANCY OR UNOCCUPANCY—Permission is hereby given for vacancy or unoccupancy of the above premises as occasion may require.

ALTERATIONS AND REPAIRS PERMIT, Unsprinklered Risks—Specific Form of Policy—Permission granted during the life of the policy to employ mechanics to make alterations, additions and repairs, and this policy (so far as it applies to building) shall also cover in accordance with its conditions such alterations or additions and all materials and supplies therein or therefor adjacent thereto, and (so far as it applies to contents of said building) shall extend to cover in such additions.

CIVIL AUTHORITIES CLAUSE—This policy is extended to insure direct loss and damage to the described property caused by acts of destruction executed by duly constituted civil authority at the time of and only during a conflagration when necessary for the purpose of retarding the same; subject, however, to all other terms and conditions of the policy.

RENTAL VALUE PROVISIONS REFERRED TO IN AND MADE A PART OF THIS FORM WHEN A CERTAIN AMOUNT IS SPECIFIED AND INSERTED IN ITEM NO. 9.

The term rental value, wherever used in this contract, shall mean the determined rental less such charges and expenses as do not necessarily continue.

It is hereby provided that if said premises or any part thereof, whether rented at the time or not, shall be rendered untenantable by fire or lightning occurring during the continuance of this policy, this Company shall thereupon become liable for the rental value of such untenantable portions. Loss to be computed from the date of fire or damage by lightning, until such time as the building could, with reasonable diligence and dispatch, be rendered again tenantable, although the period may extend beyond the termination of this policy.

If the insured occupies any portion of said building, a fair rental value of the portion so occupied shall be considered as a part of the rental value insured.

In event of a disagreement as to the time required to restore the premises to the same tenantable condition as before the fire or damage by lightning, or as to the rental value of premises occupied by the insured, the same shall be determined by appraisement or reference in the manner provided in the printed conditions of this policy.

In consideration of the reduced rate at which this policy is written, it is agreed that this company shall not be liable, under this

policy, for a greater proportion of any loss that may occur than the sum hereby insured bears to the rental value of the whole of said premises per annum. Total liability under this policy for any loss shall not exceed the sum insured by this policy nor this Company's pro rata proportion of all insurance on rental value, whether other insurance covers against loss caused by lightning or not.

(Attach Lightning Clause and Electricity Permit.)

DWELLING AND HOUSEHOLD FURNITURE FORM (1939)

(To be used only in designated suburbs of first, second and third class cities)

(S. E. U. A.)

Attached to and forming a part of Policy No.....of the ..... of .....issued at its .....Agency.

Fire and Lightning	Tornado, Cyclone and Windstorm	
(1) $....	$....	On the.....story.....building, with..... roof, occupied by (State whether by owner or tenant) .....as a dwelling house, and all permanent fixtures, including window and door screens, awnings, and storm doors and windows, contained in or on said building or stored in other buildings on same premises, and fencing; also, if not otherwise specifically covered by fire insurance, then the fire insurance only, if any, under this item shall cover private and auxiliary outbuildings on the same premises with and used in connection with the main dwelling house described herein provided the aggregate claim for any loss or damage to such outbuildings does not exceed two (2%) per cent of all insurance on this item or $100.00, whichever is the less, and provided this Company shall be liable only pro rata with other insurance on this item whether such other insurance covers outbuildings or not; situate: No. ..... on the ..... side of ..... Street, Block No. ..... in .....

Note—It is understood and agreed that cloth awnings and/or solar water heating systems outside of building and/or fencing are specifically excluded from tornado or windstorm coverage.

(2) $....	$....	On household and personal effects, jewelry in use (printed books, musical instruments, pictures, paintings, engravings, including their frames, statuary and sculpture, value not to exceed cost) belonging to insured and all members of insured's family, usual or incidental to the occupancy of the premises as a dwelling (excluding motor vehicles); also on the insured's interest or liability under contract in such property bought on the installment or partial payment plan; all while contained in the above described building, and, if not otherwise specifically insured, while contained in outbuildings on the above described premises, but the liability of this Company for loss or damage in outbuildings shall not exceed ten (10) per cent of the amount of insurance under this item. It is understood and agreed, however, that this insurance does not cover property specifically insured, except for excess after exhausting such specific insurance.
(3) $....	$....	On the.....Building, with..... .....roof, and its additions, situate on above described premises, including foundations, and occupied as a Servant's House
(4) $....	$....	On the.....Building, with..... .....roof, and its additions, situate on above described premises, including foundations, and occupied as a Private Garage.
(5) $....	$....	On the.....Building, with..... .....roof, and its additions, situate on above described premises, including foundations, and occupied as a Private Barn.
(6) $....	$....	On the vehicles (excluding motor vehicles), robes, horse and carriage equipments, hay, grain and feed, farm and garden tools, only while contained in the above described barn.
(7) $....	$.....	
(8) $....	$.....	
(9) $....	$....	On horses and/or mules, in case of loss no one animal to be valued at more than $....., while contained in the above described barn and/or on premises.

PRO-RATA DISTRIBUTION CLAUSE—It is understood and agreed that the amount insured under item next above shall attach in each location in that proportion of the amount hereby insured that the value of the property covered by this item contained in each

location shall bear to the value of such property contained in Barn and on premises.

This insurance is effected subject to the following conditions, which are hereby made warranties by the assured, and are accepted as part of this contract:

NOTE—No insurance attaches under any of the above items for either hazard unless a certain amount is specified and inserted in the blank immediately opposite the item, and for only the amount inserted, and only to the hazard under which this insertion is made for which premium has been charged.

Total insurance permitted, warranted concurrent, herewith, including this policy, as follows. (Applies to Fire Cover only):

$.....on item 1; $.....on item 2; $.....on item 3; $.....on item 4; $.....on item 5; $.....on item 6; $.....on item 7; $.....on item 8; on item 9.

It is understood and agreed that no insurance in addition to the amount written opposite each item herein is permitted unless the total insurance, including this policy, is entered in paragraph above.

Other concurrent Tornado and Windstorm Insurance permitted without notice until required.

PERMIT FOR KEEPING AUTOMOBILES USING GASOLINE—Permission is hereby granted to keep not exceeding three automobiles using gasoline or other inflammable liquids for fuel in building described in.....item of this policy.

LOSS PAYABLE CLAUSE—Loss or damage that may be ascertained and proven to be due the assured under item.....of this policy shall be held payable to.....as..... interest may appear, subject, nevertheless, to all conditions of the policy.

MORTGAGE CLAUSE—Loss or damage, if any on building items, shall be payable to..... as interest may appear, subject to provisions of the Mortgage Clause on the back of this form.

CLAUSE C—CHIMNEY AND FLUE WARRANTY printed on the back of this form does.....apply (fire coverage only).

CLAUSE D—BRICK-ON-EDGE, TILE, CEMENT OR METAL FLUE WARRANTY printed on back of this form does.....apply (fire coverage only).

Tornado and Windstorm coverage subject to not less than fifty .....per cent co-insurance in accordance with Clause B printed on back of this form.

CLAUSE A—TWENTY-FIVE DOLLAR LIMITATION CLAUSE (Applies to Tornado and Windstorm Coverage only)—It is a condition of this contract, that there shall be no liability for loss or damage by any one windstorm unless after adjustment, according to the terms, conditions and limitations of this insurance, such loss and damage to the interest of the insured in the within-described property shall be found to exceed Twenty-five Dollars ($25.00).

If this insurance covers the interest of the insured in two or more buildings, and/or contents, the foregoing conditions shall apply separately, as to the assured's interest in each building and/or contents.

CLAUSE B—CO-INSURANCE CLAUSE (Applies to tornado and windstorm coverage only)—It is a part of the consideration of this policy, and the basis upon which the rate of premium is fixed, that the Assured shall at all times maintain tornado insurance on each item of the property insured by this policy, of not less than 50% (or such higher percentage as may be agreed upon and accepted in above paragraph referring thereto, in consideration of which a reduction in premium has been allowed) of the actual cash value thereof and that, failing so to do, the Assured shall be an insurer to the extent of such deficit, and in that event shall bear his, her or their proportion of any loss.

In the event that an aggregate claim for any loss is less than Ten Thousand Dollars ($10,000) (provided, however, such amount does not exceed five per cent (5%) of the total amount of insurance upon the property described and in force at the time such loss occurs) no special inventory or appraisement of the undamaged property shall be required. If this policy be divided into two or more items, the foregoing conditions shall apply to each item separately.

THE FOLLOWING CLAUSES, NOS. C, D, F AND G, APPLY TO FIRE INSURANCE ONLY:

CLAUSE C—CHIMNEYS—WARRANTY FOR STANDARD CHIMNEYS, BUILT FROM THE GROUND.) (This Clause applicable to Fire Cover only of all items of this policy where the rate is based on the construction specified in this warranty, and for which credit in rate has been given)—In consideration of the reduced rate at which this policy is issued, it is warranted by the assured that the building described in this policy is provided throughout with brick, stone or eight-inch reinforced concrete chimneys built from the ground and that there is no flue constructed of other material than brick, stone or eight-inch reinforced concrete, and none which is built on joists or brackets or which has not its foundation upon the ground, nor any metal stovepipe carried through the floor, partition or ceiling and it is further warranted that no chimney or flue shall be erected during the term of this policy of other material than brick, stone or eight-inch reinforced concrete built from the ground, and

that no metal stovepipe shall be carried through any floor, partition or ceiling. If this warranty is violated in any particular, this policy shall be null and void.

CLAUSE D—BRICK-ON-EDGE, TILE, CEMENT OR METAL FLUE WARRANTY—In consideration of the reduced rate at which this policy is issued, it is warranted by the assured that the building and additions thereto, described in this policy, contains no brick-on-edge, tile, terra cotta, cement or metal flue; nor any metal smoke pipe carried through a combustible partition, floor or ceiling; and it is further warranted that no such flue and/or metal pipe shall be erected during the term of this policy. If this warranty is violated in any particular, this policy shall be null and void.

CLAUSE F—LIGHTNING AND ELECTRICAL APPARATUS CLAUSE.—This policy covers any direct loss or damage caused by lightning (meaning thereby the commonly accepted use of the term "lightning," and in no case to include loss or damage by cyclone, tornado or windstorm), not exceeding the sum insured, nor the interest of the insured in the property, and subject in all other respects to the terms and conditions of this policy, it being a condition of this contract that if dynamos, exciters, lamps, motors, switches or other electrical appliances or devices are covered by this policy, this Company will not be liable for any electrical injury or disturbance, whether from artificial or natural causes, unless fire ensues, and then only for such loss or damage to them as may be caused by such ensuing fire. It is also a condition of this contract that, if there be any other insurance on said property, this Company will be liable only pro rata with such other insurance for any direct loss by lightning, whether such other insurance be against direct loss by lightning or not.

CLAUSE G—CIVIL AUTHORITY CLAUSE—This policy is extended to insure against direct loss and damage to the described property caused by acts of destruction executed by duly constituted civil authority at the time of and only during a conflagration when necessary for the purpose of retarding the same, subject, however, to all other terms and conditions of the policy.

THE FOLLOWING PERMITS AND AGREEMENTS ARE APPLICABLE TO BOTH FIRE AND TORNADO AND WINDSTORM INSURANCE:

If the building hereby insured is occupied by tenants, this insurance shall also cover under the building items, if the property of owner of building and not otherwise insured, floor coverings, mirrors, stoves, refrigerators, cleaning apparatus, hose and other fire extinguishing appliance, fuel, janitor's tools and implements while in use, all constituting a part of the equipment and service of the building and only while contained in, or attached to, the above described building.

Not exceeding ten (10) per cent of the amount of any item of this policy on personal property shall cover also, as per above form,

property of guests and servants; loss, if any, to be adjusted with and payable to the insured named in this policy.

STANDARD TIME CLAUSE—It is understood and agreed that the word "noon" as used herein, in designating the beginning and ending of the term of insurance, refers to Standard Time at the place where the property is located.

VACANCY PERMIT (UNDER FIRE PROTECTION) (APPLIES TO FIRE COVERAGE ONLY)—Permission is hereby granted for the within described dwelling to become and remain vacant or unoccupied for a period of not exceeding thirty (30) days (including the period of ten days allowed in printed conditions of this policy) at any one time. It is understood and agreed that if the vacancy exceeds thirty days at any one time, permission for same must be specifically endorsed hereon, or this entire policy shall be null and void.

UNOCCUPANCY PERMIT (UNDER FIRE PROTECTION) (APPLIES TO FIRE COVERAGE ONLY)—Permission granted for the within described premises to be and remain unoccupied for a period of not exceeding six months at any one time, the term (unoccupied) being construed to mean a building that is entirely furnished but with personal habitants temporarily absent. It is made a condition of this insurance that the premises shall be kept properly closed and secure to prevent trespassing or the entrance of unauthorized persons during the term of unoccupancy. If premises are unoccupied for a period exceeding six months at any one time, this policy is void unless a special form of permission therefor is attached hereto.

MECHANICS PERMIT—If the buildings insured hereunder are in course of construction, this policy covers also all lumber and materials used and to be used in same, while on premises, and privilege is granted to complete. Privilege granted for mechanics to make alterations and repairs.

WORK AND MATERIALS—Permission granted for such use of the premises as is usual and incidental to the occupancy as described herein, and to keep and use all articles and materials usual and incidental to such occupancy in such quantities as the exigencies of the occupancy require.

MORTGAGEE CLAUSE WITH FULL CONTRIBUTION—Loss or damage, if any, under this policy, shall be payable to the mortgagee (or trustee) as provided herein, as interest may appear, and this insurance, as to the interest of the mortgagee (or trustee) only therein, shall be invalidated by any act or neglect of the mortgagor or owner of the within described property, nor by any foreclosure or other proceedings or notice of sale relating to the property, nor by any change in the title or ownership of the property, nor by the occupation of the premises for the purposes more hazardous than are permitted by this policy; PROVIDED, That in case the mortgagor or owner shall neglect to pay any premium due under this policy, the mortgagee (or trustee) shall, on demand, pay the same.

PROVIDED ALSO, That the mortgagee (or trustee) shall notify this Company of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of said mortgagee (or trustee) and, unless permitted by this policy, it shall be noted thereon, and the mortgagee (or trustee) shall, on demand, pay the premium for such increased hazard for the term of the use thereof; otherwise this policy shall be null and void.

This company reserves the right to cancel this policy at any time as provided by its terms, but, in such case this policy shall continue in force for the benefit only of the mortgagee (or trustee) for ten days after notice to the mortgagee (or trustee) of such cancellation, and shall then cease, and this company shall have the right, on like notice, to cancel this agreement.

In case of any other insurance upon the within described property, this company shall not be liable under this policy for a greater proportion of any loss or damage sustained than the sum hereby insured bears to the whole amount of insurance on said property, issued to or held by any party or parties having an insurable interest therein, whether as owner, mortgagee or otherwise.

Whenever this company shall pay the mortgagee (or trustee) any sum for loss or damage under this policy and shall claim that, as to the mortgagor or owners, no liability therefor existed, this company shall, to the extent of such payment, be thereupon legally subrogated to all the rights of the party to whom such payment shall be made, under all securities held as collateral to the mortgage debt, or may at its option pay to the mortgagee (or trustee) the whole principal due or to grow due on the mortgage with interest, and shall thereupon receive a full assignment and transfer of the mortgage and of all such other securities; but no subrogation shall impair the right of the mortgagee (or trustee) to recover the full amount of his, her or their claim.

It is understood and agreed that this clause does not apply to personal property.

DWELLING AND HOUSEHOLD FURNITURE FORM (1939)

(For use on either Fire, Windstorm or Combined Fire and Windstorm Policies)

(Used in Middle Western States)

On the following described property, all situated.....(Here Give Street Number, or Lot or Block Number or Township, Section and Range) .....
City of.....Town of.....State of.....
*1 $....On the .....story.....roof .....building (including private garage, private barn, shed or outbuilding attached thereto

and forming a part thereof), including foundations, plumbing, electric wiring and stationary heating, lighting, ventilating and air-conditioning apparatus and fixtures therein; awnings (except as hereinafter excluded) door and window screens and storm doors and windows; also all permanent fixtures belonging to and constituting a part of said building; occupied and to be occupied only for dwelling purposes.

This insurance shall also cover under this item the following structures walks, pergolas, trellises, arbors and fences on the above described premises.

If the building hereby insured is occupied by tenants, this insurance shall also cover under this item, if the property of owner of building and not otherwise insured, floor coverings, mirrors, stoves, refrigerators, cleaning apparatus, hose and other fire extinguishing appliances, fuel, janitor's tools and implements, all constituting a part of the equipment and service of the building and only while contained in, or attached to, the above described building.

This insurance shall also cover under this item, if the property of owner of building, awnings, door and window screens and storm doors and windows, belonging to above described building, while stored in outbuildings on the above described premises.

Not exceeding an aggregate amount of five (5) per cent of the amount of insurance under this item shall extend to cover detached private garages, private barns, sheds or outbuildings on the above described premises, providing such buildings are not otherwise specifically insured.

*2 $....On household and personal effects of every description, including property which under the conditions of this policy is not covered unless specifically mentioned, belonging to insured and all members of the insured's family, usual or incidental to the occupancy of the premises as a dwelling, excluding automobiles and motorcycles, accounts, bills, currency, deeds, evidences of debt, money, notes or securities; all while contained in the above described building, and if not otherwise specifically insured, while stored in outbuildings on the above described premises, but the liability of this company for loss or damage to household and personal effects in outbuildings shall not exceed ten (10) per cent of the amount of insurance under this item.

This insurance shall also include the interest and/or liability under contract of the insured in articles, covered under this item, purchased on the installment plan.

*3 $....On the .....roof.....building(s), including foundations, occupied as private garage(s), private barn(s), shed(s) or oubuilding(s), on the above described premises; all not attached to nor forming a part of the building described in Item 1 of this policy.

The insurance under this item shall not cover any building which is otherwise specifically insured.

*4 $....On horses and cows; in case of loss this company will not be liable for more than $250 on any one horse, or more than $100 on any one cow, and only for its pro rata proportion thereof in case of other insurance; only while contained in the above described private garage(s), private barn(s), shed(s) or outbuilding(s), and, provided this form is attached to a fire policy, against loss by lightning while on or off the premises.

*5 $....On vehicles (excepting automobiles and motorcycles), robes, horse and carriage equipment, bicycles in use; hay, grain, feed, coal and wood; mechanics', carpenter, barn and garden tools and implements; all only while contained in the above described private garage(s), private barn(s), shed(s) or outbuilding(s).

*6 $....On .....
.....
.....

*7 $....On the rents and/or rental value of the building described under Item No.....of this policy.

THE PROVISIONS PRINTED ON THE BACK OF THIS FORM RELATING TO RENT AND/OR RENTAL VALUE ARE HEREBY REFERRED TO AND MADE A PART HEREOF WHEN A CERTAIN AMOUNT IS SPECIFIED AND INSERTED IN DOLLAR BLANK PROVIDED THEREFOR IN ITEM NO. 7.

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in dollar blank provided therefor in the item.

This insurance shall also cover under Item No.....
the fuel oil tank, including connections, located.....

NOTE—For information only.—The above described dwelling is occupied, or to be occupied, by.....families.

Not exceeding ten (10) per cent of the amount of any item of this policy on personal property shall cover also, as per above form, property of guests and servants, loss, if any, to be adjusted with and payable to the insured named in this policy.

It is a condition of this policy that awnings attached to the building are not covered against loss or damage by windstorm, cyclone, tornado or hail except when the Extended Coverage Endorsement is attached to this policy. It is a further condition of this policy that radio equipment on the outside of the building is not covered against loss or damage by windstorm, cyclone, tornado or hail.

Permission granted for such use of the premises as is usual and incidental to the occupancy as described herein, and to keep and

use all articles and materials usual and incidental to such occupancy in such quantities as the exigencies of the occupancy require.

Permission granted for the within described premises to be and remain vacant for a period not exceeding sixty (60) days at any one time, the term "vacant" being construed to mean an empty building devoid of personal habitation; or to be and remain unoccupied for a period not exceeding six (6) months at any one time, the term "unoccupied" being construed to mean a building that is entirely furnished, but with personal habitants temporarily absent.

It is made a condition of this insurance that the premises shall be kept properly closed and secured to prevent trespassing or the entrance of unauthorized persons during the term of vacancy or unoccupancy.

If this form is attached to a fire policy and premises are vacant for a period exceeding sixty (60) days, or unoccupied for a period exceeding six (6) months, at any one time, this policy is void unless a special form of permission therefor is attached hereto.

Other insurance permitted.

Permission granted to make alterations, improvements and repairs to any building herein described, and to complete same if under construction, and the insurance, if any hereunder, on such building, is hereby extended and made to cover such alterations, improvements and repairs, and the building materials and supplies therefor or entering into the construction of such building, while contained therein or on the premises immediately adjacent thereto.

HAIL CLAUSE

(This Clause void as to Fire Insurance and applicable only to Windstorm Insurance when written under a separate Windstorm Policy or Combined Fire and Windstorm Policy)

In consideration of the rate of premium at which this insurance is written, this policy is hereby extended to cover direct loss or damage by Hail, subject to all its terms, conditions and stipulations and those of all riders attached thereto; the total liability for loss or damage caused by windstorm, cyclone, tornado and/or hail, either separately or together, not to exceed the total amount of this policy in effect at the time of loss. If there is other windstorm, cyclone and tornado insurance upon the property damaged, this company shall be liable only for such proportion of any direct loss or damage caused by Hail as the amount hereby insured bears to the whole amount insured thereon whether such other said insurance contains a similar clause or not. It is a further condition of this insurance that this company shall not be liable for loss or damage caused by Hail to hay, grain or straw, in fields or in stacks.

DWELLING INHERENT EXPLOSION CLAUSE

(This Clause void as to Windstorm Insurance)

This Clause void as to Fire Insurance when covering other than the following:

1. Dwellings, flats, tenements, terraces and apartment houses containing less than three (3) family apartments (excluding janitor's apartment).

2. Private boarding and/or rooming houses, nurses' and sisters' homes, chapter, fraternity and sorority houses.

3. Private barns, outbuildings and garages used in connection with any of the foregoing.

4. Contents in any of the foregoing.

In the interest of the insured, the condition of this policy excluding loss or damage from explosion is hereby modified and in consideration of the rate at which this policy is written, this company shall be liable for any direct loss or damage to the property insured hereunder caused by explosion occurring in the structure (or structures) insured hereunder or containing the property insured hereunder; provided further, that in each and every instance the explosion results from the hazards inherent in the occupancy as described herein and not otherwise and except as hereinafter provided. The liability of this company for any or all of the hazards insured hereunder shall not exceed the amount of this policy nor the interest of the insured in the property and shall be subject in all other respects to the terms and conditions of this policy.

If there shall be any other fire insurance and/or explosion insurance on the property insured hereunder, this company shall only be liable pro rata with such other insurance whether such other insurance be against loss by explosion or not and this company shall only be liable pro rata with all insurance covering in any manner the hazards or loss insured against by this policy.

This company shall not be liable for loss or damage occasioned by or incident to the explosion, collapse or rupture of steam boilers or internal combustion engines, caused by internal pressure, unless fire ensues and then for loss or damage by fire only.

CIVIL AUTHORITY CLAUSE

(This Clause void as to Windstorm Insurance)

This policy is extended to insure against direct loss and damage to the described property caused by acts of destruction executed by duly constituted civil authority at the time of and only during a fire when necessary for the purpose of retarding the same, subject, however, to all other terms and conditions of the policy; provided, however, if there shall be any other fire insurance on said property, this company shall be liable only pro rata with such other insurance for any direct loss and damage caused by the peril insured against by this Civil Authority Clause, whether such other insurance contains a similar clause or not.

If any item of this policy covers against loss of rents and/or rental value, then as to this civil authority clause a loss of rents and/or rental value resulting from direct loss or damage to the described property from the peril insured against under this clause shall be considered "direct loss or damage."

LIGHTNING AND ELECTRICAL APPARATUS CLAUSE A

(This Clause void as to Windstorm Insurance)

1. Except as hereinafter provided, this policy also covers direct loss or damage to the property described in this policy caused by lightning (meaning thereby the commonly accepted use of the term "lightning" and in no case to include loss or damage caused by cyclone, tornado or windstorm) whether fire ensues or not.

2. If dynamos, exciters, lamps, motors, switches, electric automobiles, radio apparatus, or other electrical appliances or devices are covered under this policy, this company shall not be liable for any electrical injury or disturbance to the said electrical appliances or devices caused by electrical currents artificially generated, unless fire ensues, but if fire does ensue, then, in consideration of the rate of premium at which this policy is written, this company shall be liable for its proportion of loss or damage caused by such ensuing fire.

3. It is also a condition of this policy that if there be other fire insurance upon the property covered, this company shall be liable only for such proportion of any direct loss or damage caused by fire or by lightning as the amount of this policy bears to the whole amount of fire insurance applying, whether such other insurance contains a similar clause or not.

4. The liability of this company for any or all of the hazards covered under this policy shall not exceed the amount stated in this policy and except as specified herein shall be subject to all of the terms and conditions of this policy.

RENT AND/OR RENTAL VALUE PROVISIONS REFERRED TO IN AND MADE A PART OF THIS FORM WHEN A CERTAIN AMOUNT IS SPECIFIED AND INSERTED IN DOLLAR BLANK PROVIDED THEREFOR IN ITEM NO. 7.

When liability is assumed under Item No. 7, wherever the words "loss or damage" appear in the Lightning and Electrical Apparatus Clause A, they shall be construed to mean "loss of rents and/or rental value."

The term "rents and/or rental value" wherever used in this policy shall mean the determined rents and/or rental value, less such charges and expenses as do not necessarily continue after the fire.

In case the above described building, or any part thereof, whether rented at the time or not, shall be rendered untenantable

by fire, this company shall be liable to the insured for not exceeding the actual loss sustained based upon loss of rents and/or rental value of such untenantable parts, not exceeding the sum insured, nor more than one-twelfth of that amount for any one month, and proportionate part thereof for any period less than one month, loss to be computed from date of the occurrence of said fire, and to be determined by the time it would require, under ordinary circumstances, to put the premises in tenantable condition; and in case any portion of the building herein described shall be occupied by the insured, for his own use, this policy shall extend to and cover the rental value of such portion so occupied, in the same manner as if under lease to a tenant.

In the event of a disagreement as to the time that would be required, under ordinary circumstances, to restore the building to the same tenantable condition as before the fire, or as to the rents and/or rental value of the building or any part thereof, the same shall be determined by appraisement in the manner provided in the printed conditions of this policy.

When attached to a Windstorm Policy, wherever the word "fire" appears in the form it shall be construed to mean Tornado, Cyclone or Windstorm.

DWELLING OR APARTMENT HOUSE FORM

$....On the.....building occupied as.....situate.....

It is understood and agreed that this policy covers additions and extensions adjoining and communicating; plate glass, frescoes and decorations without restriction; gas and electric fixtures and chandeliers, mirrors, steam, gas and water pipes and fixtures, plumbing work and all permanent fixtures, engines, boilers and connections, heating apparatus, machinery, elevators and hoisting apparatus, dynamos, electric apparatus, fixtures, wire screens and awnings, contained in or attached to the building or under the sidewalk in front thereof.

It is understood and agreed that this policy also covers awnings, door and window screens, and storm doors and windows, while in or attached to above described building or stored in outbuildings upon the above described premises.

Personal Property Clause.—If the building insured under first item is occupied by two or more families for dwelling purposes, then, personal property, if any, of the following kinds belonging exclusively to the insured hereunder, as building landlord and not as tenant, and in actual use solely for the furnishings of said building, viz.: floor coverings of public halls and stairs, window shades, awnings, and screens belonging to said building and attached to or stored therein, fuel contained and intended for use therein, employees' uniforms and janitor's supplies, is covered hereunder. (Add usual clauses.)

DWELLING FORM (Where Permitted)

(Extended Description)

$....On the.....Dwelling and/or additions adjoining and/or communicating, and all permanent fixtures attached thereto and/or contained therein, or connected with same, including foundations, porches, verandas, lighting, heating, ventilating and/or plumbing apparatus (stationary wiring and/or piping), machinery used in the maintenance of building, mill-wright work, stoves, ranges, furnaces, gas and/or electric fixtures, electric bells, speaking tubes, interior telephone systems, enunciators, plate, ornamental and stained glass windows and doors; decorations, wall paper, frescoes, wall-safes, signs, awnings, screens and/or storm doors, platforms, elevators, dumb waiters and all other building equipment, apparatus and/or appurtenances even though not specifically mentioned, whether in place, stored in, attached to the outside and/or on the roof of building and/or additions; also architect's and/or inspector's fees for supervising replacements and/or repairs; also sidewalks, outside toilets and/or fencing on the premises. Situate .....

(Add usual clauses.)

HOUSEHOLD FURNITURE FORM

$....On household, personal, professional and scientific furniture, fixtures and effects of every description, and all articles for ornament, entertainment, consumption, wear or display for household or personal use, the property of the insured or any member of the immediate family, and on the legal liability of the insured for loss or damage to similar property of others;

Including awnings, casts, curiosities, drawings, dies, implements, jewels, models, medals, patterns, pictures, scientific apparatus, signs, sculpture and tools;

Excluding accounts, bills, currency, deeds, evidences of debt, money, notes, securities, bullion and manuscript.

All while contained in or on or attached to the building and additions, adjoining and communicating, occupied as..... situate.....

(Add usual clauses.)

HOUSEHOLD FURNITURE FORM

(Extended Description)

$....On household and kitchen furniture of every description, useful and ornamental, utensils and furnishings, lambrequins, curtains, window-shades, blinds and hangings, beds, bedding, linen, carpets, rugs, toilet articles, wearing apparel, plate, plated-ware,

crockery, china and glassware, pianos, organs and other musical instruments, covers and stools, chandeliers, electroliers, lamps, library of printed books and music, pictures, engravings, photographs, portraits, mirrors and their frames, bronzes, statuary, works of art, bric-a-brac and objects of virtu, casts, models, curiosities, scientific and mechanical instruments, appliances, utensils, tools and implements, billiard and pool tables and appurtenanes, fire-arms, military and society equipments, articles for use, recreation, amusement or personal adornment, sporting, photographic and traveling outfits, canes, umbrellas, parasols, fans, opera and field glasses, artists' materials, garden implements, hose and reel, bicycles, motorcycles, velocipedes, baby carriages, tricycles and other vehicles, smokers' articles, toys, small wares, embroideries, materials for personal, family or household use, in process of making or not made up, clocks, ornaments, safes, typewriting, adding, duplicating and/or billing machines, sewing machines, and appurtenances, watches, jewelry and precious stones, robes and outfits for riding and driving, signs, awnings, screens and/or storm doors, flags, plants and shrubbery, birds and cages, natural history specimens and their appurtenances, wines, liquors, household supplies, and family stores and fuel and all articles used for ornamentation, amusement, travel, study or research, the property of the assured, or any member of the family household, their relatives, friends, guests, and/or servants, the property of the assured or in which the assured may have an interest or for which the assured may be liable or sold but not removed, including all other household equipment, apparatus, and/or appurtenances even though not specifically mentioned.

All while contained in, attached to the outside and/or on the roof of.....building and/or additions, situate.....

(Add usual clauses.)

HOUSEHOLD FURNITURE FORM

$....On household or other personal property for use, consumption or adornment, including all property enumerated in the policy on which liability is required to be specifically assumed; the property of the insured or any member of the immediate family, and on the interest of the insured in and/or liability for similar property held by the insured on storage, or for repairs, or otherwise, belonging in whole or in part to others; all while contained in, on or attached to the.....building, or while temporarily in the open on premises, situate.....

Property covered under the building item is not covered under the contents item, nor property that is the subject of more specific insurance.

(Attach usual clauses.)

PRIVATE GARAGE AND CONTENTS

$....On the.....building and additions adjoining and communicating, and all permanent fixtures, including gasoline and oil apparatus, attached to the building, while occupied as a private garage, situate.....

$....On furnishings and equipment, tools, apparatus, supplies, household furniture in use, liveries and all similar property, while contained in the above described garage.

This policy shall not cover motor-driven vehicles; nor shall it cover on other property that is more specifically insured.

(Add usual clauses.)

PRIVATE BARN AND CONTENTS AND OUT-BUILDINGS (Illustration)

$....On the.....story.....roof.....building, and additions and extensions adjoining and communicating, and all permanent fixtures therein and thereon, a part of the realty, while occupied as a private barn and tool house, situate.....

$....On horses contained therein (limit on any one horse not to exceed $.....)

$....On vehicles (excluding motor-driven vehicles), horse and carriage equipment, liveries, hay, grain and feed, barn and garden tools, and household furniture in use therein, while contained in said building.

$....On tool house and permanent fixtures therein and thereon, a part of the realty, situate.....

$....On play house and permanent fixtures therein and thereon, a part of the realty, situate.....

$....On personal property of all descriptions while contained therein.

(Add usual clauses.)

COUNTRY ESTATE FORM (Illustration)

$....On the following described property situate on the premises of the insured (location), as per diagram on file with the..... Insurance Company.

Building.—The term building shall include additions and extensions adjoining and communicating, foundations, plumbing, steam, gas and water pipes; lighting, heating and service apparatus, and all permanent fixtures; plate and ornamental glass, fresco work and decorations; also storm doors and windows, screens, screen doors and awnings, whether in position or stored in building, or belonging to the building and stored in outbuildings on the premises described herein.

Contents.—The term contents shall include household furnishings and utensils of every description, useful and ornamental; fuel and family stores; printed books and music, pictures, paintings, engravings and mirrors and their frames (value in case of loss not to exceed cost); wearing apparel, watches and jewelry in use, works of art, traveling equipments, musical and scientific instruments, sporting equipment, bicycles, tools and implements; and on horses, cows, chickens and all other fowls and live stock (limit of value not exceeding $....each on horses, $....each on cattle, $....each on pigs, $....each on fowls), vehicles (excluding motor driven vehicles), horse and vehicle equipment, liveries, hay, straw, grain and feed, barn and garden tools, and all other personal property for use, consumption or adornment, including that on which liability is required by the policy to be specifically assumed; the property of the insured or any member of his own family, and on the legal liability of the insured for loss or damage to similar property of others. This item shall not cover, however, on accounts, bills, currency, deeds, evidences of debt, money, notes or securities; nor porperty that is covered under the building item; nor shall personal property be covered under any general item when the subject of more specific insurance.

It is understood and agreed that the amounts stated in the following schedule under the item "building" and/or the item "contents," shall attach in accordance with the form as given under those respective headings, and that the amount of insurance is divided and applies as per the following schedule, viz.:

Item	Description of Property	Buildings	Contents	Total
1.	On main dwelling	$40,000	$30,000	$70,000
2.	On carriage house	9,000	6,000	15,000
3.	On garage	6,000	2,000	8,000
4.	On chicken house	1,000	1,000	2,000
5.	On tool house	600	800	1,400
6.	On playhouse	400	200	600
7.	On farm barn	7,000	8,000	15,000
8.	On hay barn	2,000	2,000	4,000
	Totals	$66,000	$50,000	$116,000

This policy shall cover a pro rata proportion of each of the above described items.

(Add usual clauses.)

FARM PROPERTY—FIRE AND LIGHTNING FORM (1939)

$....On the.....story.....roof.....Dwelling House, including foundations, plumbing, electric wiring and stationary heating, lighting and ventilating apparatus and fixtures therein; all permanent fixtures belonging to and constituting a part of said building; also storm doors and screens while attached thereto or while stored in any buildings on the premises.

$....On Household and Personal Effects of every description belonging to insured and all members of the insured's family usual or incidental to the occupancy of the premises by the insured as a dwelling, excluding automobiles and motorcycles, bills of exchange, accounts, bills, currency, deeds, evidences of debt, money, notes or securities; all while contained in the above described dwelling house and if not otherwise specifically insured while stored in summer kitchen, wash house, anl outside cellar on the above described premises but the liability of this company for loss or damage to household and personal effects in summer kitchen, wash house, and outside cellar shall not exceed ten (10) percent of the amount of insurance under this item.

This insurance shall also include the interest and/or liability under contract of the insured in articles covered under this item purchased on the installment plan.

$....On.....story,.....roof,.....Building, occupied as.....

$....On.....story,.....roof,.....Smoke and Produce House.

$....On Family Provisions and Produce, while in Smoke and Produce House.

$....On.....roof,.....Private Garage.

$....On.....roof,.....Stock Barn and Sheds attached, including foundations and permanent fixtures therein or thereon, marked No. 1 on diagram on application or daily report.

$....On.....roof,.....Stock Barn and Sheds attached, including foundations and permanent fixtures therein or thereon, marked No. 2 on diagram on application or daily report.

$....On.....roof,.....Tobacco Barn and Sheds attached, including foundations and permanent fixtures therein or thereon marked No. 3 on diagram on application or daily report.

$....On.....roof,.....Tobacco Barn and Sheds attached, including foundations and permanent fixtures therein or thereon marked No. 4 on diagram on application or daily report.

NOTE—Silos (whether attached to any of said buildings or not)

are not covered by this policy unless they are insured specifically under separate items.

$....On.....roof,.....Granary.
$....On.....roof,.....Crib.
$....On.....roof,.....Silo.
$....On .....

$....On Corn, Wheat, Oats, Barley, Rye, and Other Grains; and on threshed beans and threshed seeds of all kinds; also on ground feed and all kinds of manufactured and compounded stock foods while in buildings; and on grain only while in stacks, shocks, sacks, wagons or trucks on premises herein described.

$....On all Farm Vehicles not operated by automotive power, freight trailers for farm hauling, harness, saddles, robes, blankets and other stable accessories; also on mowers, binders, harvesters, farm implements, tools and utensils, cream separators, milk cans and pails, sacks and bags (but excluding threshing machines, seed hullers and equipment incidental thereto, incubators and brooders, combines, tractors, windmills, steam engines and all machinery enumerated under Item 20 of this policy) while on or temporarily off the premises herein described; also on hay racks, header barges, hay loaders, hay stackers, and portable grain elevators, while on or temporarily off the premises herein described.

$....On Hay, Straw, Fodder and Silage while in barns, sheds or silos on the premises herein described.

$....On Corn Shredders, Corn Pickers, Ensilage Cutters, Corn Shellers, Feed Grinders, Hay Balers, Electric Motors, Gasoline and Kerosene Engines and Milking Machines while on or temporarily off the premises herein described.

$....On.....Tractor while on or temporarily off the premises.

$....On.....Combine while on or temporarily off the premises.

$....On Hay, Straw and Fodder in stacks, on the premises herein described, not exceeding $100 on any one stack of hay or $50 on any one stack of straw or fodder.

$....On Poultry, the limit of liability per fowl not to exceed the cash market value on the farm at time of loss, while on premises herein described, except while in brooder house unless brooder house rate is charged as provided by schedule. The insurance on turkeys shall not exceed ten (10) percent of the amount of insurance under this item.

$....On Horses, Mules and Colts, including Stallions and Jacks.

$....On Cattle, including Bulls.

$....On Hogs and Sheep.

Any insurance under this policy on live stock (unless otherwise provided) is extended to cover while on or temporarily off the premises herein described except while in transit by common carrier or in public stock yards.

In no case (except in the case of more valuable animals insured specifically by names or numbers) shall any one horse, mule, stallion or jack over one year old be valued at more than $.....; nor for more than one-third of said sum if under one year old; nor shall any one head of cattle over one year old be valued at more than $.....; nor shall any one head of cattle under one year old be valued at more than one-half of said sum; nor shall any one sheep be valued at more than $.....; nor shall any one hog be valued at more than $.....; nor in any case for more than the actual cash value of the animal of any class destroyed or damaged, such cash value in no event to exceed the valuations given above.

....On insured's liability for fire department charges where fire department is called because of a fire in, on or exposing only such property insured hereunder as may be located on the premises described herein.

No insurance attaches under any of the above items unless a certain amount is specified and inserted in dollar blank provided therefor in the item.

Without the written consent of the Company endorsed hereon and an additional premium charge made therefor, this policy shall be null and void if there shall be in any building insured hereunder or containing property insured, any cement flue or chimney less than four inches thick, or any metal flue or chimney, or any brick-on-edge flue or chimney, or any tile or terra cotta flue or chimney.

WARRANTY THAT NO ARTIFICIAL HEAT SHALL BE USED IN TOBACCO BARNS—In consideration of the reduced rate at which this policy is written, it is understood and agreed that this Company shall not be liable for any loss or damage on any tobacco barn or its contents if artificial heat is used in the barn for any purpose whatever, and it is further understood and agreed that this policy shall be suspended and this Company shall be exempt from any liability whatever on such barn and its contents during the period while such artificial heat is maintained and for five days thereafter.

This Warranty is waived as to insurance under this policy covering in or on tobacco barns insured under Items No. 11 and 12, provided the insured has paid an additional premium for heating or for open fires for firing tobacco.

Said property being owned by the insured and occupied by.....
....State..."Owner" or "Tenant".....and (except as herein otherwise provided) situated on and confined to.....
acres in the.....Civil District.....Miles from.....
County of.....State of.....

Special Permits

The following permits are hereby granted by the company and made a part of this policy, to wit:

To Construct Ordinary Outbuildings—Permission to make alterations, repairs and additions to any building herein described, and the insurance, if any, on such building is hereby extended and made to cover such repairs and improvements, subject to the conditions of this policy.

Ninety days' permission granted to complete and occupy any new building insured hereunder in process of construction and this policy shall, subject to its other conditions, cover such building and the material to be used in its construction while on the described premises.

Good brick flues must be provided in all buildings in which fires are to be used.

Vacancy and Unoccupancy—Permission given for any of the buildings herein described to remain vacant, unoccupied or uninhabited for not exceeding thirty consecutive days, but during which time the insurance thereon is reduced one-third (1/3), but after said thirty days' vacancy or unoccupancy, this entire policy is void unless vacancy or unoccupancy permit is extended by agreement in writing attached hereto.

Electric Light Permit—Permission to use electric lights in all buildings.

Natural Gas Permit—Permission to use natural gas for fuel and light, provided this company shall not be liable for loss or damage caused by explosion of natural gas on the premises unless fire ensues, and then for loss or damage by fire only.

Kerosene Permit—Permission to use kerosene for lighting, heating and cooking in the dwelling house and summer kitchen, and for use in closed lanterns for lights in barns and outbuildings.

Gasoline and Kerosene Stove Permit—Permission to use gasoline or kerosene stoves in the dwelling house or summer kitchen.

Gasoline Gas Permit—Permission to use a gasoline gas lamp or gasoline lighting system for lights in the dwelling house or summer kitchen. The use of open lights, gasoline lamps or gasoline lanterns in barns or outbuildings is prohibited, except approved gasoline lanterns may be used when suspended from a standard bracket with heat deflector.

Gasoline Engine Permit—Permission to use a gasoline engine for power purposes on the premises.

Automobile and Tractor Permit—Permission to house privately owned and privately used automobiles and tractors in buildings on premises, provided the part of the building in which automobiles or tractors are stored has only an earth, concrete or other incombustible floor.

Steam Power Permit—Permission to use steam power for threshing, shelling corn and other farm work outside of buildings.

Incubator Permit—Permission to use chicken incubators anywhere on the premises except in barns, provided that the total hatching capacity of such incubator or incubators in any one building shall not exceed one thousand (1000) eggs.

Brooders—The use of brooders in buildings covered by this policy is prohibited except where special permission therefor has been endorsed on this policy and the additional premium charged for such permit has been paid to the company.

Lightning and Electrical Apparatus Clause A

(This Clause void as to Tornado Insurance)

1. Except as hereinafter provided, this policy also covers direct loss or damage to the property described in this policy caused by lightning (meaning thereby the commonly accepted use of the term "lightning" and in no case to include loss or damage caused by cyclone, tornado or windstorm) whether fire ensues or not.

2. If dynamos, exciters, lamps, motors, switches, electric automobiles, radio apparatus, or other electrical appliances or devices are covered under this policy, this company shall not be liable for any electrical injury or disturbance to the said electrical appliances or devices whether from artificial or natural causes, unless fire ensues, but if fire does ensue, then, in consideration of the rate of premium at which this policy is written, this company shall be liable for its proportion of loss or damage caused by such ensuing fire.

3. It is also a condition of this policy that if there be other fire insurance upon the property covered, this company shall be liable only for such proportion of any direct loss or damage caused by fire or by lightning as the amount of this policy bears to the whole amount of fire insurance applying, whether such other insurance contains a similar clause or not.

4. The liability of this company for any or all of the hazards covered under this policy shall not exceed the amount stated in this policy and except as specified herein shall be subject to all of the terms and conditions of this policy.

Dwelling Inherent Explosion Clause

(This Clause void as to Tornado Insurance)

(This Clause void as to Fire Insurance when covering other than buildings (or contents) occupied and to be occupied only for dwelling purposes)

In the interest of the insured, the condition of this policy excluding loss or damage from explosion is hereby modified and in consideration of the rate at which this policy is written, this company shall be liable for any direct loss or damage to the property

insured hereunder caused by explosion occurring in the structure (or structures) insured hereunder or containing the property insured hereunder; provided further, that in each and every instance the explosion results from the hazards inherent in the occupancy as described herein and not otherwise and except as hereinafter provided. The liability of this company for any or all of the hazards insured hereunder shall not exceed the amount of this policy nor the interest of the insured in the property and shall be subject in all other respects to the terms and conditions of this policy.

If there shall be any other fire insurance and/or explosion insurance on the property insured hereunder, this company shall only be liable pro rata with such other insurance whether such other insurance be against loss by explosion or not and this company shall only be liable pro rata with all insurance covering in any manner the hazards or loss insured against by this policy.

This company shall not be liable for loss or damage occasioned by or incident to the explosion, collapse or rupture of steam boilers or internal combustion engines, caused by internal pressure, unless fire ensues and then for loss or damage by fire only.

IMPORTANT

Permission for the use of GASOLINE for any of the above mentioned purposes is granted upon the express condition made a part of this policy that the lamps, reservoirs or holders will be filled by daylight or incandescent electric light only, and when there is no other artificial light burning and there is no fire or blaze in the same room, and when the burners or lamps are not lighted; and further, that no gasoline except that contained in said lamps, reservoirs or holders shall be kept or stored in or within fifteen (15) feet of any of the buildings herein described.

THE USE OF KEROSENE OR GASOLINE FOR STARTING FIRES IS PROHIBITED

WHEAT AND STRAW ON FARM—VIRGINIA

(*S. E. U. A.*)

$.....On wheat and straw, covering in straw and garner; all while contained in stack, barn, shock, granary, or elsewhere on assured's farm, situate about.....

Attach O. I. P.; Full Coinsurance, Lightning and Steam Threshing clauses.

FARM AND GRAIN FORM

(*Uniformity West*)

(For Use on Either Fire or Tornado Policies)

On grain and seeds of all kinds (including sacks and bags), cut and uncut (but not including straw or stubble), threshed or unthreshed, shelled or unshelled, in shocks, stacks and ricks on cultivated land, in dwelling house, barns, bins, tanks, granaries, and cribs, all while situated as follows:

$....On.....¼ Section.....Township.....Range.....
County of.....State of.....

$....On.....¼ Section.....Township.....Range.....
County of.....State of.....

$....On.....¼ Section.....Township.....Range.....
County of.....State of.....

$....On.....¼ Section.....Township.....Range.....
County of.....State of.....

This insurance shall attach in each building, division, stack, rick or location in such proportion as the value in each building, division, stack, rick or location bears to the aggregate value of the subject insured.

It is hereby agreed and understood that any insurance covering against Tornadoes, Cyclones and Windstorms, covers grain and seeds as above specifically described only while in buildings on premises mentioned and in no event upon grain and seeds in the field or in stacks, ricks and shocks.

Loss, if any, to be adjusted with assured and payable to..... Mortgagee.....

Permission granted to use Steam or Gasoline as a Motive Power for Thrashing Grain.

Value of Grain, $..... Amount of Additional Insurance, Fire $.....Tornado, $.....Amount of Mortgage, $.....

FARM APPLICATION (West)

(Illustration)

☞ If Tornado indemnity is asked for in this Application, insert the words "or Tornadoes, Cyclones or Windstorms," in second line after the words "Fire and Lightning."

SINGLE NOTE OR CASH

APPLICATION OF.....

for indemnity against loss or damage by Fire and Lightning.....

by.....INSURANCE COMPANY, NEW YORK,.....Dollars, for the term of.....years, on property as below specified, commencing on the.....day of.....19

Rate for Dwelling and Contents..... Rate for Barn and other property.....

The amount of indemnity asked for on Buildings is based upon their present Cash Value, and the answers below are my own or by my authority

(NOTE: In this space are the items to be insured, being printed in detail as in foregoing policy form.)

Said property being owned by the Assured, and (except as herein otherwise provided) situated on and confined to....., Acres in.....

of Section.....Town.....Range.....in the County of..... State of .. ..

Fill Each Blank	Length	Width	Height	Yrs. Old	Kind of Foundation	Is Building of Brick, Stone or Frame	Kind of Roof	Number of Rooms	No. of finished Rooms	Specify Condition and state of repairs of each Building
Dwelling House										
Wing										
Smoke and Provision House										
Barn and Sheds, No. 1										
Barn and Sheds, No. 2										
Barn and Sheds, No. 3										
Granary										
Crib										

Number of Chimneys	Of what Material are Chimneys constructed

How many are built from the ground? .....

From 1st story? .....

On what do they rest?.....

From 2d story?.....

On what do they rest?.....

From garret?.....

On what do they rest?.....

1	Are you the sole and absolute owner of the property proposed to be insured?	1 .....
2	Is the title to land on which buildings are situated in your name?	2 .....
3	If bond, contract or agreement for deed, how much has been paid?	3 .....
4	Is any of your property, real or personal, under mortgage, lien or incumbrance? If so, state how, to what amount, and when due?	4 .....
		.....
5	Give name and P. O. address of mortgagee or holder of lien?	5 .....
		.....
6	How much land do you own on which the property to be insured is located, and what is its value per acre?	6 .....Acres: $.....per acre
7	Are the buildings now occupied?	7 .....
8	For what purpose occupied—by owner or by tenant?	8 For.....By.....
9	Have you ever suffered loss by fire, and if so, when and how did fire originate?	9 .....
		.....
10	Have you any fear that your property is in danger from incendiarism, or have you enemies who have made threats?	10 .....
		.....
11	Describe all buildings within 100 feet of buildings to be insured, and state purpose for which each building is occupied.	11 .....
		.....
12	Give distance between each barn to be insured and occupied dwelling.	12 .....
13	Has this Company any other insurance within 100 feet? If so, how much?	13 .....Policy No.....
14	Is there any other insurance on the property? If so, give name of Company and attach copy of written form of policy.	14 .....
15	What is used for lights? / What is used for fuel?	15 .....
		.....
16	When was dwelling last painted?	16 .....

Stove Pipes

How many pass through roofs? ....

Through side of building?.....

If so, decline.....

Through floors or partitions?.....

If so, how near wood?.....

How secured?.....

Do pipes enter chimney at side by elbow horizontally?.....

Does any pipe enter at bottom perpendicularly?.....Which story?

.....How secured?.....

Does any pipe enter chimney in the garret or in an unoccupied room?

.....*If so, decline*

Does any pipe pass through garret or unoccupied room?.....*If so, decline*

If this application is for Tornado indemnity as well as Fire and Lightning, it is understood and agreed that hay or grain in stacks, windmills, wind pumps, wind powers, trees, fences, buildings in course of construction (including their contents), or when standing on posts or pins and not sheeted or banked up, will not be insured against loss or damage by windstorms, tornadoes or cyclones; and that in no event shall the Company be liable for loss or damage to buildings, occasioned, directly or indirectly, by frost or cold weather, nor liable for loss or damage to live stock, occasioned, directly or indirectly, by frost, cold weather and what is known as a blizzard.

The foregoing is my own agreement and statement, and is a correct description of the property on which indemnity is asked, and I hereby agree that insurance shall be predicated on such statement, agreement and description, if this Application is approved, and that the foregoing shall be deemed and taken to be promissory warranties running during entire life of said Policy. If any promissory note given for the whole or any portion of the premium for the policy that may be issued upon this application shall not be paid promptly when due, then said Policy shall be suspended, inoperative and of no force or effect until such promissory note is paid. This Company shall not be bound by any act done or statement made by or to any Agent, or other person which is not contained in this my Application.

☞**This Application and Note must be Filled and Signed with Ink, not Pencil.** .....**Applicant.**

N. B.—This Application in all cases to be signed only by the Applicant or some person duly authorized by him or her. In no case by the Sub-Agent.☜ .....

(NOTE: On Reverse Side is Space for Diagram.)

DIVISION IV

CHURCHES, SCHOOLS, COLLEGES AND PUBLIC BUILDINGS

Policies on this class of property usually cover, separately, the building, and the contents thereof, and contain the following permits and clauses, worded in accordance with local rules:

Other Insurance, Lightning, Dynamo, Electric Lighting or other Lighting that may be required, Kerosene Oil Stove, Mechanics, and sometimes the Work and Materials; also Vacancy or Unoccupancy as permitted, together with such other clauses as may be necessary or desirable, or as may be required by local underwriting rules. (See also Special Agreements.)

No special permit is necessary for holding entertainments (although frequently granted) unless special apparatus is used, such as motion picture machines or other apparatus that might be held to increase the hazard. The insurance of these classes of property as such is notice to the companies of their uses for the customary purposes and activities.

The rules of the various associations differ regarding the fixtures that may be included with the building, and these should be referred to before preparing the form.

STANDARD CHURCH FORM (1939)

(For protected risks) (East)

$.....On the.....story.....building and additions, with.....roof, while occupied for church.....purposes, including all permanent fixtures and machinery pertaining to the service of said building, belonging therein or thereon, situate..... This item covers all pews, pulpits, altars and confessionals attached to the building, window, plate and ornamental glass, frescoing, gilding, painting, gas, water and heating pipes, gas and electrical fixtures and all appliances appertaining thereto, bells and tower clocks.

$.....On church, altar, school and other movable furniture, useful and ornamental, carpets, floor coverings, paintings, pictures, engravings and their frames (not exceeding cost), musical instruments (excepting pipe organs), statuary, stations, vestments, plate, printed books and music, church and school paraphernalia and supplies, all while contained in the above described building.

$.....On the pipe organs and motor and all connections and attachments thereto, all while contained in the above described building.

$.....Total Insurance.

WORK AND MATERIALS CLAUSE—Permission is hereby granted for such use of the premises as is usual and incidental to the occupancy as herein described and to keep and use all such appliances, devices and materials (including gasoline and such other materials as are prohibited by the printed conditions of this policy) in such quantities as are usual and incidental to such occupancy.

CIVIL AUTHORITIES CLAUSE—This policy is extended to insure against direct loss and damage to the described property caused by acts of destruction executed by duly constituted civil authority at the time of and only during a conflagration when necessary for the purpose of retarding the same; subject, however, to all other terms and conditions of the policy.

(Attach other usual clauses.)

CHURCH FORM

(*S. E. U. A.*)

$....On the.....Church Edifice, with..... roof, including chapel and parish house, adjoining and communicating, tower, foundations, stained and leaded glass windows (when not specifically insured), pews, carvings, inscriptions, tablets, plumbing, gas, water, steam and ventilating pipes, stationary heating and lighting apparatus, boilers and their connections, electric wiring, chandeliers, gas and electric fixtures, and all other appurtenances and permanent fixtures therein and thereon; on furniture and fixtures, useful and ornamental, consisting principally of church, chancel and choir furniture, altar, pulpit, chancel-rail, font, vestments, altar and chancel hangings, banners, plate, musical instruments (other than pipe organ), printed books, printed music, maps, paintings, engravings, pictures and their frames (in case of loss or damage no one painting, engraving or picture shall be valued at more than the actual cost of same), chairs whether attached to building or not, platforms containing the same, gas stoves, crockery and other kitchen furnishings and fuel, while occupied as or contained in a place of public worship, and known as.....

$.....On Pipe Organ, including water and/or electric motor, and all appurtenances, connections and attachments thereto; all only while contained in said church edifice.

The usual clauses are attached, written with 75 per cent coinsurance clause or the three-fourths value clause according to rule applying.

CHURCH FORM (1939)

(For use on either fire, windstorm or combined fire and windstorm policies)

*1 $.....On the.....story.....roof, ...building, including plumbing, electric wiring, electric sound and communication and stationary heating, lighting, ventilating, refrigerating, air-conditioning and vacuum cleaning apparatus and fixtures therein; fixed seats and desks, fixed tables, railings, altars, clocks, bells, fire curtains and stained glass windows; door and window screens and storm doors and windows; metal smokestacks, signs and awnings if the property of the owner of the building (except as provided below); also all permanent fixtures, including pipe organ with operating motor, belonging to and constituting a permanent part of said building; only while occupied for church purposes, and situated..... This policy shall also cover under this item, if the property of owner of building, door and window screens and storm doors and windows, belonging to above described building, while stored in outbuildings on the above described premises.

It is a condition of this policy that metal smokestacks and awnings are not covered against loss or damage by windstorm, cyclone, tornado or hail under this item unless the 80% or higher Co-insurance Clause applies to said item, except when specifically insured by endorsement hereon and additional premium paid therefor. It is a further condition of this policy that radio equipment on the outside of the building is not covered against loss or damage by windstorm, cyclone, tornado or hail unless specifically insured by endorsement hereon and additional premium paid therefor.

*2 $.....On all personal property (except as otherwise excluded) of every description not included under the above building item, belonging to the insured, including personal property which under the conditions of this policy is not covered unless specifically mentioned, and provided the insured is legally liable therefor, property held in trust, but excluding accounts, bills, currency, deeds, evidences of debt, money, notes, securities, motor vehicles and excluding the insured's interest in personal property in which parties other than the insured also have an insurable interest when the insured's interest in said property is otherwise specifically insured; all not belonging to and constituting a permanent part of the above described building and only while contained in or attached to said building or within one hundred (100) feet thereof while on sidewalks, streets, alleys, yards, detached platforms and in or on vehicles or railway cars or on platforms in contact with the building.

* No insurance attaches under any of the above items unless a certain amount is specified and inserted in dollar blank provided therefor in the item.

(Attach Glass P. R. Distribution, Hail, Civil Authority and other usual clauses.)

CHURCH (CATHOLIC) AND PAROCHIAL SCHOOL FORM (Illustration)

$.....On the.....building, occupied for church.....purpose, situate.....

This item covers additions and extensions adjoining and communicating, railings, pews, pulpits, altars, confessionals, fixed stations, windows, plate glass, frescoes and decorations, gas, water heating, lighting and ventilating pipes, fixtures and apparatus, and appliances permitting thereto, bells and tower clocks.

$.....On pipe organs, including all water motors, dynamos, electrical or mechanical apparatus and appurtenances thereto, while contained in the above described building.

$....On church, altar, school and other movable furniture, not covered under the building or organ insurance, including pictures, paintings, engravings and their frames; musical instruments (except pipe organs), printed books and music, statuary, costumes and vestments, scenery, awnings, fuel and stores, and all other similar property, while contained in the above described building.

Permission granted for other insurance, to hold fairs, concerts, literary and dramatic entertainments, and to be unoccupied during the customary periods.

Attached Lighting and Dynamo Clauses, Electric Light permit, Mechanics permit, and others needed or required.

Note: If used for insuring school property insert "and/or school" after the word "church" in first line.

SCHOOL BUILDING AND CONTENTS FORM

(*New York*)

$.....On the.....story.....building and additions, with.....roof, while occupied for school .....purposes, including all permanent fixtures fixtures and machinery pertaining to the service of said building, belonging therein or thereon, situate No.....on the .....side of.....Street, in (City, Village or Town).....County of....., State of New York.

This item covers all seats and desks attached to the floor, window, plate and ornamental glass, frescoing, painting, gas, water and heating pipes, gas and electrical fixtures and all appliances appertaining thereto, bells and tower clocks.

$....On school furniture and fixtures, useful and ornamental, floor coverings, paintings, pictures, engravings and their frames (not exceeding cost), musical instruments, statuary, medals, mod-

els, printed books and music and school paraphernalia and supplies, all while contained in the above described building.

OTHER INSURANCE.—Permission for other insurance.

WORK AND MATERIALS CLAUSE A.—Permission granted for such use of the premises as is usual and incidental in the business, as conducted therein, and to keep and use all articles and materials usual and incidental to said business, in such quantities as the exigencies of the business require.

The word "materials" as used above, includes gasoline and such other materials as are prohibited by the printed conditions of the policy, when kept for such purposes and in such quantities as are usual to the occupancies permitted.

ALTERATIONS AND REPAIRS PERMIT, UNSPRINKLERED RISKS—SPECIFIC FORM OF POLICY.—Permission granted during the life of the policy to employ mechanics to make alterations, additions and repairs, and this policy (so far as it applies to building) shall also cover in accordance with its conditions such alterations or additions and all materials and supplies therein or therefor adjacent thereto, and (so far as it applies to contents of said building) shall extend to cover in such additions.

VACANCY OR UNOCCUPANCY.—Permission is hereby given for vacancy or unoccupancy of above described premises as occasion may require.

(Attach usual clauses.)

SCHOOL FORM (1939)

(For use on either fire or windstorm policies)

NAME OF INSURED.....

This policy being for $..... covers its pro rata proportion of and on the following amounts:

SCHEDULE

Item	Amount of Insurance Building	Amount of Insurance Contents	Name of Building	Height, Construction and Roof	Location
1.	*$.....	*$.....			
2.	*$.....	*$.....			
3.	*$.....	*$.....			
Totals	$.....	$.....			

Total Amount of Schedule $.....

All the above described property being situated in City / Town of State of .....

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in dollar blank provided therefor in the item.

The terms "Building" and "Contents" shall be construed to cover as follows:

"BUILDING"—On building, including plumbing, electric wiring, electric sound and communication and stationary heating, lighting, ventilating, refrigerating, air-conditioning and vacuum cleaning apparatus and fixtures therein; fixed seats and desks, fixed tables, railings, altars, clocks, bells, fire curtains and stained glass windows; metal smokestacks, signs and awnings if the property of the owner of the building (except as provided below); also all permament fixtures, including pipe organ with operating motor, belonging to and constituting a permanent part of said building; only while occupied for school purposes, with privilege of occasional public meetings.

This policy shall also cover under the building item(s), if the property of the owner of the building(s), door and window screens and storm doors and windows, belonging to the above described building(s) while attached thereto or stored therein.

It is a condition of this policy that metal smokestacks and awnings are not covered against loss or damage by windstorm, cyclone, tornado or hail under any item of this policy unless the 80% or higher Co-insurance Clause applies to said item, except when specifically insured by endorsement hereon and additional premium paid therefor. It is a further condition of this policy that radio equipment on the outside of the building is not covered against loss or damage by windstorm, cyclone, tornado or hail unless specifically insured by endorsement hereon and additional premium paid therefor.

"CONTENTS"—On all personal property (except as otherwise excluded) of every description not included under the building item(s), belonging to the insured, including personal property which under the conditions of this policy is not covered unless specifically mentioned, and provided the insured is legally liable therefor, property held in trust, but excluding accounts, bills, currency, deeds, evidences of debt, money, notes, securities, motor vehicles and excluding the insured's interest in personal property in which parties other than the insured also have an insurable interest when the insured's interest in said property is otherwise specifically insured; all not belonging to and constituting a permanent part of the building(s) and only while contained in or attached to the above described building(s) or within one hundred (100) feet thereof while on sidewalks, streets, alleys, yards, detached platforms and in or on vehicles or railway cars or on platforms in contact with the building(s).

(Attach Glass Distribution, Hail, Civil Authority and other usual clauses.)

SCHOOL FORM FOR INSURING ALL SCHOOLS OF A CITY (Illustration)

$.....On school properties of the City of....., as hereinafter described and specified.

BUILDING.—The term "building" shall include additions and extensions adjoining and communicating, platforms, bridges and fire escapes; plate glass, frescoes and decorations; heating, lighting ventilating, pumping, plumbing, elevating and water fixtures and equipment, and all permanent fixtures when a part of the realty; outbuildings, fences and yard fixtures pertaining thereto.

CONTENTS.—The term "contents" shall include furniture and fixtures consisting principally of desks, chairs, benches, musical instruments, the articles enumerated in the policy on which liability must be specifically assumed, and all other school, gymnasium, laboratory and manual training furniture, equipment, materials and supplies and other property not covered under the building item while contained in or on building.

It is understood and agreed that the amounts stated in the following schedule under the item "building," and/or the item "contents" shall attach in accordance with the form as given under those respective headings, and that the amount of insurance is divided and applies as shown in the following schedule, viz.:

Item	Name and Location	Building	Contents	Total
1.	Central, Main and High Sts....	$60,000	$15,000	$75,000
2.	Boys' High, Palmer & Green Sts.	65,000	18,000	83,000
3.	Girls' High, Park & Broad Sts..	90,000	22,000	112,000
4.	Manual Training, 645 Wood St.	25,000	17,000	42,000
	Totals	$240,000	$72,000	$312,000

It is understood that bridges, passageways and platforms that connect buildings are insured with each building to the midway point and that foundations of buildings, of boilers, of engines and of fixed machinery, below the lowest ground level are not covered under this policy.

Permission granted to remain closed on holidays, during the customary vacation periods and whenever considered advisable by the school authorities.

(Attach usual clauses.)

Note: This form may also be used for insuring private schools.

COLLEGE OR UNIVERSITY FORM (Illustration)

$....Being a pro rata part of each of the following specific amounts of insurance, on property located on the premises of the assured, situate.....,

Item	Property	Building	Contents	Total
1.	North Building	$120,000	$ 30,000	$150,000
2.	East Building	45,000	12,000	57,000
3.	South Building	67,000	22,000	89,000
4.	Memorial Hall	86,000	78,000	164,000
	Totals	$318,000	$142,000	$460,000

It is understood and agreed that the insurance on buildings covers on buildings and structures, their attachments, additions, extensions, appurtenances and improvements, therein or thereon, whether adjoining or communicating; also on all permanent fixtures, such as permanent stacks and chimneys, cupboards, elevators and all connections, appurtenances, attachments, illuminating and signal systems, wiring, lamps, lighting, fixtures, power machinery and motors, pumps, pipes and fittings, plumbing work and fixtures, heating, lighting, ventilating and cleaning apparatus, memorial windows, storm doors and windows, screens, fire escapes, awnings, plate, stained and ornamental glass, fresco work and decorations, fixed mirrors and their frames, bookcases and all other furniture set or built in walls, forming a part of the buildings, and on desks, pews, seats, chairs, cases, racks, shelving attached to the walls, floors or ceilings; tanks and connections on or in buildings, or within 100 feet thereof.

It is understood and agreed that the insurance on the contents covers on furniture and fixtures, useful and ornamental, rugs, carpets, pictures, paintings, engravings, and their frames, at not exceeding cost, mirrors, china, glass and crockery ware, fuel, scientific instruments, apparatus, appurtenances, tools and appliances, art and scientific collections, bric-a-brac, bronzes and statuary, photographic outfits, dynamos, motors, electrical and other machinery and apparatus, printing and book binding equipment, books, manuscripts and all other articles and apparatus necessary or usual in the conduct and maintenance of a University, including materials and supplies.

Items excluded.—Cost of excavations, filling, grading and foundations of buildings and foundations and settings of machinery below the level of the ground are not covered by this policy.

Permission granted to remain closed on holidays and unoccupied during the customary vacation periods and whenever considered advisable by the University authorities; to do such work and use such materials as are customary or incidental to University properties.

(Attach usual clauses.)

PUBLIC BUILDING FORM (Illustration)

$....On the.....story.....roof.....building, including additions and extensions adjoining and communicating unless specifically insured, screens, awnings, and apparatus and fixtures for heating, lighting, ventilating, or other service of the building; outbuildings, yard fixtures, fences and flag poles pertaining thereto, while occupied for.....purposes, situate.....

$....On furniture and fixtures consisting principally of desks, benches, chairs, the articles enumerated in the policy on which liability must be specifically assumed, and other furniture, equipment, materials and supplies, while contained in the building described above. This item shall not cover any property that is enumerated or covered under the building, nor records, books of account or labor performed thereon.

It is understood that bridges, passage-ways and platforms that connect buildings are insured under the building item to a midway point.

Attach clauses for Other Insurance, Lightning and Dynamo, Kerosene Oil Stoves, Mechanics Permit, Work and Materials, and Unoccupancy during customary periods. Also other clauses desirable or required by conditions or local underwriting rules.

If coinsurance is used exclude foundations, etc.

Note: When a form is desired for making a schedule of all municipal buildings, use one modeled after the school schedule.

PUBLIC RECORDS FORM

$....On abstracts, records of title, maps, and such other title records and references, or other records, as constitute the public records of....., while contained in, etc.

In the event of loss, no claim shall be made in excess of the amount of the actual cost of the labor required to reproduce the damaged property, and the blank books and stationery upon which the said records are reproduced.

(Attach usual or required clauses.)

PUBLIC LIBRARY FORM

(May also be used for an extensive private library)

$....On library of books, pamphlets, manuscripts, papers, magazines, and other reading matter, bound or unbound, but not to cover such property if more specifically insured, and

$....On furniture and fixtures, book-cases, shelving, catalog and card index cases, stationery, ornaments, pictures, paintings and engravings and their frames, and all other equipment (whether

required by the policy to be specifically mentioned or not) pertaining to a library, but not to cover such property if more specifically insured, and

$....On card indices, at an agreed valuation of.....cents per card (or per volume).

All while contained, etc.

(Attach usual or required clauses.)

Note: Value of card indices range from five to fifteen cents per volume according to the magnitude of the index work.

Sometimes card indices are insured with the following provisions: "It is agreed that the amount of loss on card indices shall be limited to the actual cost of rewriting and/or reproducing cards, but in no case to exceed.....cents per card (or per volume).

If there are some rare books or manuscripts which it is desired to insure at a stated value, a schedule may be prepared similar in form to a painting schedule, naming each article and its value so that it may be identified.

DIVISION V

MERCANTILE BUILDINGS AND THEIR CONTENTS
(Also Mercantile and Office Buildings)

Insurance on this class of property usually covers separately, the building, the store or office furniture and fixtures, and the stock.

Policies covering mercantile property usually contain the following permits and clauses, worded in accordance with local rules:

Other Insurance, Lightning, Dynamo, Electric or other Lighting that may be required, Kerosene Oil Stove, Mechanics, Work and Materials; also Powder and Kerosene Oil for sale and Vacancy or Unoccupancy, as permitted, together with such other clauses as may be necessary or desirable, or as may be required by local underwriting rules. If occupied in part for dwelling purposes, permit should be given for benzine or gasoline for household use. (See also Special Agreements.)

The forms given are intended for use in insuring any kind of mercantile building, office building, store or office furniture and fixtures, or any kind of mercantile stock, whether wholesale or retail, and of whatever class; some, however, may require additional or special wording or cover to fit specific needs; the permits to be attached may differ somewhat, likewise the clauses or conditions required by local underwriting rules.

MERCANTILE BUILDING AND FIXTURE FORM
(Illustration)

$....On the.....building occupied as.....including additions, adjoining and communicating, foundations, plumbing, steam, gas and water pipes; lighting and heating apparatus and all permanent fixtures, including counters and shelving that are a part of the realty; plate and ornamental glass and fresco work; also storm doors and windows, screens, screen doors and awnings, whether in position or stored in said building, situate.....

$....On store, workroom and office furniture and fixtures of every description, including partitions, mirrors, tools, utensils and

apparatus, floor coverings, shades, stationery and advertising matter and signs, not covered under the building item. All while contained in or on or attached to the above described building and additions adjoining and communicating.

PRIVILEGES.—Permission is given:—For existing communications; for present and other occupancies not more hazardous, and to do such work and use such materials as are usual in such occupancies; for other insurance without notice until required; for mechanics to be employed for ordinary alterations and repairs in the within described premises, but this shall not be held to include the constructing or reconstructing of the building or buildings, or additions, or the enlargement of the premises; to use kerosene oil stoves; to keep for sale not exceeding 25 barrels of kerosene oil; to be vacant not exceeding....., or unoccupied not exceeding .....

(Add usual clauses.)

MERCHANDISE AND FIXTURE FORM
(Illustration)

$....On stock in trade consisting principally of.....including full and empty packages, boxes, samples, labels and supplies, the property of the insured; and on the interest of the insured in and/or liability for similar property held by the insured on storage, or for repairs, or otherwise, belonging in whole or in part to others; all while contained in or on the.....story..... roof.....building and additions adjoining and communicating, or in show windows, show cases, or on sidewalks around the premises while in process of storage, exhibition and/or delivery, situate.....

$....On store, workroom and office furniture and fixtures of every description, including partitions, mirrors, tools, utensils and apparatus, floor coverings, shades, stationery and advertising matter and signs; and on awnings and water, gas and electric fixtures, providing same are not insured with the building. All while contained in or on or attached to the above described buildings and additions adjoining and communicating.

PRIVILEGES.—Permission is given:—For existing communications; for present and other occupancies not more hazardous, and to do such work and use such materials as are usual in such occupancies; for other insurance without notice until required; for mechanics to be employed for ordinary alterations and repairs in the within described premises, but this shall not be held to include the constructing or reconstructing of the building or buildings, or additions, or the enlargement of the premises; to use kerosene oil

stoves; to keep for sale not exceeding 25 barrels of kerosene oil.

(Add usual clauses.)

Note: The foregoing is considered by the author as one of the best forms in use, making a clear, safe contract with a proper "in trust" clause.

MERCHANDISE AND FIXTURE FORM

(*More Elaborate*)

$....On merchandise and stock in all stages, including samples, materials, supplies, boxes, labels, cases, packages and tags, the property of the assured, or sold but not delivered or removed, and on property of others, held on storage or for repairs or otherwise, for which the assured may be liable, also for labor performed on same; and

$....On store, office, workroom and other furniture and fixtures of every description, engines, boilers, setting, machines and machinery, refrigerators, piping, dynamos, motors, connections, shafting, belting, pulleys, counters, shelving, partitions, show cases and figures (inside and outside), pictures, paintings, engravings and their frames, clocks, signs, awnings, mirrors, carpets and other floor covering, shades, stationery and office supplies, fuel, typewriting machines, telephones and connections, gas and electric fixtures, heating apparatus, electric wiring and molding covering the same, cameras, lenses, patterns, moulds, models, matrices, drawings, designs, wood cuts, lithographic plates and stones, and engravings thereon, stereotypes, half-tones, dies, solutions, photographic negatives, advertising and other printed matter, books, lettering, and iron safes, trunks, tools, implements, scientific and other instruments, apparatus, utensils, appliances, and appurtenances (including improvements and betterments to buildings when buildings are not owned by the assured), and all other property not heretofore enumerated or otherwise insured; all the foregoing mentioned being the property of the assured or leased, or the property of others for which the assured may be liable or responsible; all while contained in, on and under and about the buildings and additions and extensions adjoining and communicating, sidewalks and show cases, situate.....

It is understood that where the buildings above described are owned by the assured that such of the above described property as may be enumerated under the building policies is not covered by this policy.

(Add usual clauses.)

MERCANTILE BUILDING, FIXTURES AND STOCK FORM

(For Use on Either Fire or Tornado Policies)

(*Uniformity West*)

*1 $....On the.....story.....roof.....building, including foundations, plumbing, electric wiring and stationary heating, lighting, ventilating and refrigerating apparatus and fixtures therein; also all permanent fixtures, stationary scales and elevators, belonging to and constituting a part of said building; occupied as a..... (state kind of business).....situated.....

This insurance shall also cover under this item, if the property of owner of building, signs and awnings (awnings covered under fire policies only), door and window screens and storm doors and windows, belonging to the above described building, while attached thereto or stored therein.

Liability is also assumed under this item for loss or damage to such personal property, including materials belonging to the insured and not otherwise insured, and as pertains only to the sole use and/or service of the building, all while contained therein or attached thereto, but said liability for loss or damage to such personal property and materials shall not exceed one per cent (1 per cent) of the amount of the item covering on building.

2 $....On store and office furniture and fixtures, counters, shelving, show cases, scales, desks, safes, typewriters, cash registers; pictures, paintings and engravings, including their frames; electrical apparatus, appliances and devices; stoves, signs and awnings (signs and awnings covered under fire policies only); and all other tools, implements, utensils, printed books and supplies incidental to the business; all not belonging to and constituting a permanent part of the building and only while contained in, or attached to, the above described building.

*3 $....On stock of merchandise consisting chiefly of..... and such other merchandise as is usually kept for sale in .....(state kind of business).....stores; and, provided the assured is legally liable therefor, this item shall also cover such merchandise held in trust, or on commission, or sold but not delivered; all only while contained in the above described building. This item shall also cover said merchandise within one hundred (100) feet of the above described building while on sidewalks, streets, alleys, yards, detached platforms and in or on vehicles or railway cars; also on said merchandise while on platforms in contract with above described building; all only while in transit to and from said building.

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

(Attach usual clauses.)

MERCANTILE BUILDING, FIXTURES AND STOCK

$....On the.....building and additions, including all permanent fixtures and machinery pertaining to the service of said building, while occupied for.....(state occupancy in full).....purposes, situate No.....on the.....side of .....Street, in (City, Village or Town)..... County of ....., State of New York.

$....On merchandise consisting principally of.....

.....

and on store and office furniture, fixtures and supplies of every description, except permanent fixtures and machinery pertaining to the service of the building, his own, or sold but not removed; also on his interest in and on his legal liability for similar property held by him as follows, viz.: in trust or on commission, or on joint account with others, or on storage or for repairs, all while contained in the above described building.

$....On household and personal property of every description such as is usual or incidental to a dwelling, belonging to the insured or any member or servant of the family (includes drawings and manuscripts at not exceeding cost), all while contained in the above described building.

$....Total Insurance.

This Company shall be liable only for loss or damage to the property described in items having the amount of insurance thereon filled in, and if no amount is named in any one or more of the above items, no liability for loss or damage to property described in such item or items is assumed.

Signs, Storm Doors and Sash, Awnings and Screens, the property of the insured, in, on or attached to building or stored in any outbuilding on premises are covered as follows:

Under Item 1, if the insured be the owner of the building.

Under Item 2, if the insured be not the owner of the building.

SPECIAL PRIVILEGES

Other Insurance—Permission for other insurance.

Work and Materials Clause A—Permission granted for such use of the premises as is usual and incidental in the business, as conducted therein, and to keep and use all articles and materials

usual and incidental to said business, in such quantities as the exigencies of the business require.

The word "materials" as used above, include gasoline and such other materials as are prohibited by the printed conditions of the policy, when kept and used for such purposes and in such quantities as are usual to the occupancies permitted.

Alterations and Repairs Permit, Unsprinklered Risks—Specific Form of Policy—Permission granted during the life of the policy to employ mechanics to make alterations, additions and repairs, and this policy (so far as it applies to building), shall also cover in accordance with its conditions such alterations or additions and all materials and supplies therein or therefor adjacent thereto, and (so far as it applies to contents of said building), shall extend to cover in such additions.

Vacancy or Unoccupancy—Permission is hereby given for vacancy or unoccupancy of above described premises as occasion may require.

(Attach other usual clauses.)

BLANKET FORM

(*Mercantile*)

$....On all property, both real and personal (including property specifically enumerated in the policy on which liability is required to be specifically assumed, but excluding accounts, bills, currency, deeds, evidences of debt, money, notes, or securities), belonging to the insured, or in which the insured has an interest to the extent of such interest, or for which the insured may be liable at the time of fire; also for labor performed or materials expended thereon. All while contained on his premises, occupied principally for.....purposes, situate.....

Attach clauses shown under "Special Agreements" numbered 1, 2, 3, 4, 5, 6, 7 and 8; also Electric or other Lighting that may be required, Mechanics, and Vacancy and/or Unoccupancy as permitted, together with such other clauses as may be necessary or desirable. or as may be required by local rules.

(See also Blanket Policies.)

COUNTRY STORE FORM

(For Use on Either Fire or Tornado Policies)

(*Uniformity West*)

*1 $....On the.....story.....roof.....building, including foundations. plumbing, electric wiring and stationary

heating, lighting and ventilating apparatus and fixtures therein; also all permanent fixtures, stationary scales and elevators, belonging to and constituting a part of said building; occupied by .....as a.....(state kind of business).....situated .....

This insurance shall also cover under this item, if the property of owner of building, signs and awnings (awings covered under fire policies only), door and window screens and storm doors and windows, belonging to the above described building, while attached thereto or stored therein.

2 $....On stock of merchandise consisting chiefly of..... and such other merchandise as is usually kept for sale in country stores; and, provided the assured is legally liable therefor, this item shall also cover such merchandise held in trust, or on commission, or sold but not delivered; all only while contained in the above described building.

This item shall also cover said merchandise within one hundred (100) feet of the above described building while on sidewalks, streets, alleys, yards, detached platforms and in or on vehicles or railway cars; also on said merchandise while on platforms in contact with above described building.

*3 $....On store and office furniture and fixtures, counters, shelving, show cases, scales, desks, safes, typewriters, cash registers; pictures, paintings and engravings, including their frames; electrical apparatus, appliances and devices; stoves, signs and awnings (signs and awnings covered under fire policies only), and all other tools, implements, utensils, printed books and supplies incidental to the business; all not belonging to and constituting a permanent part of the building and only while contained in, or attached to, the above described building.

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

(Attach usual clauses.)

JEWELER'S STOCK FORM

$....On stock, merchandise, materials and supplies of every description, pertaining to their business, their own, or similar property in which they have an interest to the extent of such interest, or for which they may be liable in the event of loss or damage by fire, while contained in the.....building, or show cases on sidewalks connected therewith, occupied as a....., and situate.....

In consideration of the reduced rate at which this policy is issued, the insured guarantees to keep in safes, between the hours of 6 P.M. and 8 A.M. of each day, not less than.....per cent

of the entire value of the property insured under this policy, except that during the month of December the guarantee shall extend from 7 P.M. to 8 A.M., and any loss or damage is to be adjusted on this basis. It is specially agreed, however, that privilege is granted for stock to be out of safes until 10 P.M. for not exceeding 12 nights in any one year for the purpose of inventorying.

(Add usual or required clauses.)

PAWNBROKER'S FORM

$....On the right and interest of the assured in the articles and stock of merchandise, hazardous and extra hazardous (merchandise in fireproof safes excepted), held in trust or in pledge by said assured as pawnbrokers, including interest accrued thereon as allowed by law.

$....On the right and interest of the assured in the articles and stock of merchandise, hazardous and extra hazardous, in fireproof safes only, held in trust or in pledge by said assured as pawnbrokers, including interest accrued thereon as allowed by law.

$....On merchandise, hazardous and extra hazardous, the property solely of said assured.

$....On furniture and fixtures of every description used in the business of the assured and all attachments thereto, tools, implements, utensils, appurtenances, fitments, stands, figures, pumps, tanks, store, office and factory furniture and fixtures, awnings, safes, partitions, shelving, counters, carpets, typewriters, and attachments, trunks, benches, printed books and stationery, office and factory supplies and signs, all while contained in or attached to the.....building occupied as.....situate.....

This insurance does not protect the interest of parties whose goods are pledged to the assured; nor does it cover the excess of the amount loaned, with its lawful accrued interest, upon any article above the sound value of the same at the time of any fire.

Other insurance permitted without notice until required.

PHOTOGRAPHER'S FORM

$....On studio, workroom and office furnishings and fixtures of all kinds (except lenses, cameras and appurtenances), including partitions, scenery and screens; pictures (not stock) and mirrors, and their frames; tools, utensils, apparatus and appurtenances; frames used and intended for exhibition purposes, floor coverings, shades, awnings, stationery, catalogs, advertising matter and signs; also show cases on outside of building or on sidewalk immediately adjacent to building; and

$....On lenses and cameras, and their appurtenances; and

$....On stock, including plates, films, sensitized paper, mounts,

and pictures finished or in process; also negatives (value not to exceed.....cents each);

All while contained in, on or attached to the building situate .....

This policy shall be held to cover, under the respective items, property belonging to the insured; also the interest of the insured in and/or liability for property of like description held by the insured, whether on storage, or for repairs, or otherwise, and belonging in whole or in part to others.

(Attach usual or required clauses.)

ART DEALER OR ART GALLERY FORM

$....On store, workroom, office and art gallery furnishings and fixtures of every description, including partitions, mirrors and their frames, tools, utensils, implements and apparatus, frames used for exhibition purposes, floor coverings, shades, awnings, stationery, catalogs, advertising matter and signs; and

$....On stock consisting principally of pictures, paintings, engravings, drawings, antiques, jewels, sculpture, bronzes, curios, bric-a-brac, objects of virtu, clocks, china, porcelain, furniture, rare books and manuscripts, articles of art and/or ornament and other merchandise pertaining to the insured's business as art dealer (or, "pertaining to an art gallery"), but this item shall not cover property that is the subject of more specific insurance; and

$....On the following described property, it being agreed that the amount stated opposite each article shall, for the purpose of this insurance, be considered the value thereof:

$....On portrait in oils, "The Bishop," by Walter Satterlee.

$....On picture, "Dancing Fauns," by F. Luis Mora.

$....On a Chippendale chair for salon.

(The list may be continued as desired.)

All while contained in, etc.

It is understood and agreed that any floating or excess insurance shall not be held as contributing insurance with this policy.

(Attach usual or required clauses.)

OFFICE BUILDING FORM

$....On the.....building, occupied for.....purposes, including additions and extensions adjoining and communicating, plumbing, steam, hot water, gas, water, or other piping; lighting, heating, ventilating, elevating, or other building apparatus, and all other permanent fixtures that are a part of the realty and/or pertain to its service for the purposes intended as above described; plate glass, frescoes, decoration, signs and lettering, flag poles,

fences, gratings and similar appurtenances; also storm doors and windows, screens, screen doors and awnings, whether in position or stored in said building. Situate.....

This policy shall also cover personal property of the following kinds belonging exclusively to the insured hereunder, as building landlord and not as tenant, and in actual use solely for the furnishings or service of said buildings, viz.: floor coverings of public halls and stairs, window shades, tools, utensils, fuel, materials and supplies and employees' uniforms.

(Add usual clauses.)

OFFICE CONTENTS FORM

$....On the furnishings, fixtures, apparatus and equipment of the insured's office, including the articles mentioned in the policy on which liability is required to be specifically assumed. All while contained in, on or attached to the.....building and additions and extensions adjoining and communicating, occupied for.....purposes, situate.....

(Add usual clauses.)

OFFICE CONTENTS FORM

(More Elaborate)

$....On office furniture, fixtures and equipment of every description, including partitions, divisions, counters, shelving, showcases, cabinets, floor coverings, interior telephones, cash carrying or registering systems, movable wiring or piping, tools, implements, utensils, office machines, stationery, advertising matter, price lists, postage, supplies, safes, signs, awnings, screens or storm sash and doors, merchandise samples and packages for or containing same, and all other equipment, apparatus and appurtenances pertaining to the office even though not specifically mentioned; all while contained in, on or attached to the.....building and additions adjoining and communicating, occupied for.....purposes, situate.....

(Add usual clauses.)

TITLE COMPANY FORM FOR INSURING RECORDS

$....On abstracts, records of title, maps, and such other title records and references as constitute their Title Plant, while contained in a so-called fireproof record room on the.....floor of the building, and situate.....

$....On property as above described, while contained in the above described building outside of fireproof record room above referred to.

In the event of loss, no claim is to be made in excess of the amount of the actual cost of the labor required to reproduce the damaged property, and the blank books and stationery upon which the said records are reproduced.

FORM FOR INSURING THE RECORDS OF A TAX BOARD, LAND COMMISSION OR OTHER SIMILAR BODY

$....On manuscripts and maps comprising details and summarized records of material in and value of the property of the ....., completed and in process of completion, including the value of all work performed upon and in preparation of the same and cost of surveys, all while contained in the brick and stone building, situate.....

In event of loss no claim shall be made for value in excess of the actual cost of reproducing the manuscripts or other records damaged or destroyed.

COMMERCIAL AGENCY FORM

$....On binders, files, cases, portfolios, drawers, tables, racks, or other receptacles, together with their contents, said contents consisting of records and reports of the agency, concerning the business standing of merchants and others.

It is understood and agreed that this policy does not cover the cost of obtaining the information contained in said records and reports, but shall include the cost of reproducing them from like records and reports preserved in other offices of the agency.

All while contained in, etc.

(Attach usual or required clauses.)

TELEPHONE RISKS—(Contents)

(S. E. U. A.)

$....On telephone contents, consisting chiefly of machines and machinery of every description, appliances, apparatus, equipments, appurtenances, spare and duplicate parts, stock, materials and supplies of all kinds, tools, implements and utensils, models, patterns, dies, drawings, scientific apparatus, office and other furniture and fixtures of every description, pictures, safes, awnings, signs, books and stationery of whatever kind or description, vehicles, horses and mules (not exceeding $300 on any one animal), their own, or held in trust or on commission, or sold but not removed, or on storage or for repairs, or leased or held on joint

account or the property of others for which the assured may be liable, all only while contained in or on or attached to, and/or on or under the sidewalks, or in or on or about the premises of the .....story.....building, with.....roof and extensions or additions thereto, while occupied by.....as.....situated No.....on the.....side of.....Street, Block No....., in.....

This insurance is effected subject to the following conditions, which are hereby made warranties by the assured, and are accepted as parts of this contract:

It is understood and agreed that in case of any loss or damage by fire, the assured is at liberty to make immediately all necessary repairs, notice of such loss to be given to this Company without delay.

Permission for other insurance; to use the premises as at present and for other purposes not more hazardous; to keep and use all articles and materials in such quantities as are necessary for their business; to make ordinary additions, alterations and repairs, the same to be covered by this insurance; to run at all hours and to cease operations for ninety days without notice; to use electricity, natural gas, coal and kerosene oil for lighting and motive power.

This policy shall not be invalidated by reason of any mortgage or bond issue.

LIGHTNING AND DYNAMO CLAUSE.—This policy shall cover any direct loss or damage caused by lightning (meaning thereby the commonly accepted use of the term "lightning" and in no case to include loss or damage by cyclone, tornado or windstorm), not exceeding the sum insured nor the interest of the assured in the property, and subject in all other respects to the terms and conditions of this policy. Provided, however, that if there shall be any other insurance on said property, this company shall be liable only pro rata with such other insurance for any direct loss by lightning, whether such other insurance be against direct loss by lightning or not.

This policy does not cover any loss or damage to dynamos, switch-boards or other electrical machinery, apparatus or connections, caused by electric currents, whether artificial or natural, unless fire ensues, and then for the loss by fire only.

In consideration of the rate at and/or form under which this policy is written, it is expressly stipulated and made a condition of this contract that this company shall be held liable for no greater proportion of any loss than the amount hereby insured bears to 80 per cent of the actual cash value of the property described herein at the time when such loss shall happen; but

if the total insurance upon such property exceeds 80 per cent at the time of such fire, then this company shall only be liable for the proportion which the sum hereby insured bears to such total insurance. If this policy be divided into two or more items, the foregoing conditions shall apply to each item separately.

STANDARD TIME CLAUSE.—It is understood and agreed that the word "noon" as used herein, in designating the beginning and ending of the term of insurance, refers to Standard Time at the place where the property is located.

DIVISION VI

HOTELS, CLUBS AND BUSINESS STABLES, AND THEIR CONTENTS

Insurance on these classes usually covers the building separately from contents, with such further division of the latter as may be desired, or as may be required by local underwriting rules.

The policies usually contain the following permits and clauses, worded in accordance with local rules:

Other Insurance, Lightning, Dynamo, Electric or other Lighting that may be required, Kerosene Oil Stoves, Mechanics, Work and Materials; also Vacancy or Unoccupancy as permitted, together with such other clauses as may be necessary or desirable, or as may be required by local underwriting rules. Permit is often given for benzine or gasoline for cleaning purposes. The business stable should have the automobile permit if any motor driven vehicles are permitted therein. (See also Special Agreements.)

HOTEL BUILDING FORM
(Illustration)

$....On the.....building, occupied principally for hotel .....purposes, including additions adjoining and communicating, plumbing, steam, gas, water, or other piping; lighting, heating, ventilating, elevating, refrigerating, or other building apparatus, fixtures and machinery, and all other permanent fixtures that are a part of the realty; plate glass, frescoes and decorations, signs and lettering, flag poles, fences, gratings and similar appurtenances; also storm doors and windows, screens, screen doors and awnings, whether in position or stored in said building. Situate.....

$....On hotel, restaurant and other furniture, fixtures, furnishings and equipment of every description, including the articles enumerated in the policy on which liability is required to be specifically assumed, wearing apparel, liveries, canes, umbrellas, bags, trunks and jewelry, and all other personal property pertaining to the operation of a hotel, belonging to the insured or for which the insured is legally liable at the time of fire, but this item shall not include property covered under the building item or

under the stock item; all while contained in, on or attached to the above described building.

$....On stock of bottled water and soft drinks, cigars and other smokers' materials or equipment, provisions, supplies and stores, while contained in the above described building.

(Add usual or required clauses.)

STANDARD SEASON HOTEL OR BOARDING HOUSE FORM

(New York)

$....On the.....story.....building and additions, with .....roof.....including all permanent fixtures belonging thereto while therein or thereon, situate No.....on the..... side of.....Street, in....., County of....., N. Y., while occupied as a summer hotel or boarding house with not to exceed .....guest rooms and not to exceed.....guests or boarders. This insurance also to cover awnings, door and window screens, storm doors and windows, belonging to the building, in place or stored in the above building or in the outbuildings on the premises.

$....On household and personal property of every description such as is usual or incidental to a boarding house or hotel, belonging to the assured (including drawings and manuscripts, at not exceeding cost, but excluding articles specifically insured), all while contained in the above described building.

$....On the.....story.....building and additions, with .....roof, while occupied for.....purposes, including all permanent fixtures thereto while therein or thereon, situate on the above described premises.

$....On vehicles of every description, harness and other vehicle equipment, hay, grain, straw, feed, barn and garden tools, while contained in the above described building, but the insurance under this item does not cover household furniture or merchandise on storage, automobiles, motorcycles or parts thereof, and the storage and use of motor vehicles is prohibited unless special permission therefor is endorsed hereon.

$....On live stock, in case of loss no one horse to be valued to exceed the sum of $...., no one cow to exceed the sum of $...., no one.....to exceed the sum of $....while contained in the above described building.

This company shall be liable only for loss or damage to the property described in items having the amount of insurance thereon filled in, and if no amount is named in any one or more of the above items, no liability for loss or damage to property described in such item or items is assumed.

All buildings hereby insured, or containing the property insured, have none other than chimneys or flues constructed of brick or stone (if built of stone they have flue linings) built from the ground or from a living room and not from an attic, and all smoke pipes enter chimneys or flues unobstructed from view at a point below the attic, *except as follows:*.....

LIMITATION WARRANTY

In consideration of the reduced rate at which this policy is written, it is a condition of this insurance that the insured warrants that the number of guest rooms and guests or boarders as described in this policy will not be exceeded.

(Attach usual clauses.)

HOTEL OR BOARDING HOUSE AND CONTENTS FORM

(For Use on Either Fire or Tornado Policies)

(Uniformity West)

*1 $....On the.....story.....roof.....building, including foundations, plumbing, electric wiring and stationary heating, lighting, ventilating and refrigerating apparatus and fixtures therein; also all permanent fixtures and elevators belonging to and constituting a part of said building; occupied as..... situated.....

This insurance shall also cover under this item, if the property of owner of building, signs and awnings (awnings covered under fire policies only) door and window screens and storm doors and windows, belonging to above described building, while attached thereto or stored therein.

*2 $....On hotel or boarding house furniture, fixtures and furnishing material, useful and ornamental; printed books and music; piano stool and cover; piano and other musical instruments; mirrors, pictures, paintings, engravings, including their frames, statuary and sculpture; wearing apparel and jewelry in use; silver and plated ware, crockery, glassware and cutlery; wines, liquors and cigars; bar furniture and fixtures; supplies, provisions and fuel; laundry machinery and apparatus; electrical apparatus, appliances and devices; tools, implements and utensils used in their business; signs and awnings (signs and awnings covered under fire policies only); all only while contained in, or attached to, the above described building.

This insurance does not cover the property of guests or employees.

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

(Attach usual clauses.)

HOTEL FURNITURE AND FIXTURES FORM

(*Owner or Tenant*)

$....On hotel, restaurant, bar room and other furniture, fixtures, furnishings and equipment of every description, useful and ornamental, including beds, bedding, linen, plate, plated ware, china, crockery, glassware, cutlery, pianofortes and other musical instruments, pictures, paintings, engravings, and their frames, statuary, articles of virtu, printed books and music, wearing apparel, canes, umbrellas, jewelry in use, carpets, rugs, linoleum, curtains, draperies, fixed and movable decorations, natural and artificial plants, shades, awnings, screens, mirrors, chandeliers, gas and electrical fixtures, gas piping, electric wiring, fans, cash registers, adding machines, typewriters, sewing machines, iron safes, pool and billiard tables and appurtenances, storm doors, lamp posts, signs, electric signs and connections, annunciators and connections, office furniture and fittings, stationery, advertising matter, ranges, kitchen utensils, engines, boilers, pumps, heating, lighting, ventilating and fire extinguishing apparatus, ice making and refrigerating plant and apparatus, kitchen, dynamos, motors, machines, machinery, foundations, connections, settings, shafting, belting, pulleys, hangers, pipes, piping, tanks, and all other fixtures, appurtenances, apparatus, appliances, utensils, implements and tools, all belonging to the insured, or for which the insured may be legally liable, and

$....On stock consisting principally of bottled water, soft drinks and smokers' materials and equipment, provisions, fuel, supplies and stores; all while contained in, on or attached to the..... building and additions adjoining and communicating, situate.....

(Attach usual or required clauses.)

CLUB HOUSE AND CONTENTS FORM

(*City or Country*)

$....On the.....building, occupied as a.....including additions and extensions adjoining and communicating, plumbing, steam, hot water, gas, water, or other piping; lighting, heating, ventilating, elevating, refrigerating, or other building apparatus; squash courts, bowling alleys, shuffle boards, lockers and other similar property built in or permanently attached to the building, also all permanent fixtures that are a part of the realty; plate glass, frescoes and decorations; also storm doors and windows, screens, screen doors and awnings, whether in position or stored in the building, situate.....

$....On club house furniture, fixtures and equipment of every description, useful and ornamental, including pictures, paintings and engravings and their frames, mirrors, floor and room furnishings and fittings, sporting and athletic paraphernalia, prizes and trophies, casts, curiosities, jewels, manuscripts, medals, signs, sculpture, office furniture and fixtures, property held on storage or for repairs for which the club is liable, and all other property belonging to the club, or for which the club may be liable; but this item shall not include property that is insured under the building item, nor under the supplies item. All while contained in or on the above described building.

$....On club supplies and stores of food and drink, including tobacco and smokers' articles in all forms, while contained in the above described building.

$....On the.....building, (as defined in the first item), occupied as a.....situate.....

$....On contents (as defined in the second item).

Note: The form may be continued similarly to cover any other property.

Permission granted for the use of premises and to do such work and use such materials as are usual to clubs.

(Add other usual or required clauses.)

LIVERY AND BUSINESS STABLE FORM

$....On the.....building and additions adjoining and communicating, and all permanent fixtures attached to and forming part of the realty, including signs and awnings, while occupied for.....purposes and situate.....

$....On horses contained therein or in yards immediately adjacent thereto; (limit on any one horse not to exceed $....).

$....On vehicles of all kinds (excluding motor driven vehicles), horse and vehicle equipment, medicines, liniments and lubricants, liveries, barn tools and apparatus, and office furniture and fixtures, while contained therein.

$....On hay, straw, bedding, grain and feed of all kinds, while contained therein.

This policy shall cover property described in the third item while temporarily outside the buildings, but on the premises, while being cleaned, aired or dried.

(Attach usual or required clauses.)

LIVERY STABLE AND CONTENTS FORM

(For Use on Either Fire or Tornado Policies)

(*Uniformity West*)

*1 $....On the.....story.....roof.....building, including foundations, plumbing, electric wiring and stationary heating, lighting and ventilating apparatus and fixtures therein; also all permanent fixtures, stationary scales and elevators, belonging to and constituting a part of said building; occupied as a livery, sale and feed stable, situated.....

*2 $....On vehicles (not including sleighs), buggies, carriages, wagons, and such rolling stock usually contained in livery stables (excluding automobiles and motorcycles), all only while contained in the above described building.

*3 $....On horses and mules, in case of loss this company will not be liable for more than (or in case of other insurance for more than its pro rata proportion of) $250 on any one horse or any one mule, nor in any case for more than the actual cash value of the animal damaged or destroyed, only while contained in above described building, and provided this form is attached to a fire policy, against loss by lightning while on or off the premises.

*4 $....On hay, grain and feed; sleighs, harness, blankets, robes, whips, lamps, lanterns, tools, implements and supplies; electrical apparatus, appliances and devices; signs and awnings (signs and awnings covered under fire policies only); office furniture, fixtures and supplies; all while contained in, or attached to, the above described building.

*5 $....On.....

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

(Attach usual clauses.)

LODGE OR SOCIETY FURNITURE FORM

$....On their lodge (society) furniture and fixtures, banners, badges, regalia, paraphernalia, screens, partitions, office furniture and supplies, awnings, casts, curiosities, drawings, dies, implements, jewels, manuscripts, medals, pictures and their frames, signs and sculpture, including personal property for which the lodge (society) may be liable in case of loss or damage by fire; together with improvements and betterments to the building when not covered under the building insurance, all while contained in or on or attached to the.....building, occupied for.....purposes, situate.....

(Attach lightning and other clauses necessary.)

LODGE FURNITURE AND FIXTURES FORM

(*Uniformity West*)

*1 $....On lodge furniture, fixtures, furnishings and equipment, including desks, safes, typewriters, tables, chairs, cases, cabinets, tools and implements; signs and awnings (signs and awnings covered under fire policies only); stereopticon and attachments, including slides used in connection therewith; phonographs, graphophones, records, printed books, music and music rolls; pianos and other musical instruments (excluding organ with operating motor); mirrors, pictures, paintings, engravings, including their frames, statuary and sculpture, all at not exceeding cost; carpets, rugs, linoleums, mattings, floor coverings, window and door shades, curtains and portieres; lamps, stoves and heating devices; china, glassware, crockery, silver plate and plated ware; costumes, robes, paraphernalia and regalia and all other articles, materials and supplies usual to lodges of secret and fraternal organizations; their own or held by them in trust, or the property of others for which they may be legally liable; all only while contained in, or attached to, the.....story.....roof.....building, situate.....

*2 $....On organ with operating motor, only while contained in the above described building.

*3 $....On assured's interest in improvements to the building, consisting chiefly of.....all only while contained in, or attached to, the above described building.

*4 $....On.....

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

(Attach usual clauses.)

DIVISION VII

ELEVATORS, WAREHOUSES, COLD STORAGE HOUSES AND THEIR CONTENTS

Insurance on this class of property usually covers, separately, the building and stock therein. In some sections a separation of the machinery is required also.

Policies covering such property usually contain the following permits and clauses, worded in accordance with local rules:

Other Insurance, Lightning, Dynamo, Electric or other Lighting that may be required, Kerosene Oil Stove, Mechanics, Work and Materials; also Cease Operations and Vacancy or Unoccupancy as permitted, together with such other clauses as may be necessary or desirable, or as may be required by local underwriting rules. (See also Special Agreements.)

The forms given are intended for use in insuring any risk of these respective classes, though some will require additional or special wordings or cover to fit specific needs.

Goods in Bond: There is usually no reason for including the U. S. Internal Revenue Tax nor the U. S. Customs Tax in the insurance on goods in bond, for the government does not require payment of such taxes in case of fire unless the goods are removed, in which case the payment of the tax would be a part of the expense of salvage. If the tax has been paid, it is the practice of the government to refund same on proof that the goods have been destroyed by accidental fire. Sometimes the following conditions are included in the policy form when insuring imported goods held in bond: "It is understood and agreed that the Custom House duties payable to the U. S. Government on property covered by this policy shall not be considered as part of the value insured in event of loss or damage. It is also understood and agreed that on demand of this Company, in event of loss, the insured shall, 'to protect the property from further damage,' promptly pay all government duties, warehouse and other charges necessary for the purpose of removal of said merchandise to such other location as may be designated by this Company."

ELEVATOR BUILDING FORM
(Illustration)

On the elevator building and additions, known as.....Elevator, together with all appurtenances thereunto belonging, including towers, docks, legs, wharves, foundations, tanks, plumbing, heating, lighting, elevating, steam, gas, water and electrical equipments, apparatus and appliances, and all other property of every kind and description belonging to said building or buildings, or to the operation of the same, and on all the contents thereof, and on all property of every kind and description in or upon said property or building, or adjacent thereto, belonging to or used by said Elevating Company in or on its said property or buildings or in the operation of the said elevator, including machinery, machines, shafting, belting, wiring, pulleys, hangers, transmission ropes, stores, supplies, elevator buckets, tools, awnings, signs, implements, apparatus, utensils, office and other furniture and fixtures.

It is understood and agreed that grain or other stock in trade which may be kept in said elevator, piling and foundations below the mean water level, and property belonging to others on which there may be specific insurance are not covered by this policy.

All of the above described property situate or located on land owned by assured on the.....

PERMISSION GRANTED TO

Have or procure additional insurance.

Work and run machinery at all times.

Cease operations for not to exceed 60 days at any one time.

Do such work and use such materials as are usual in the business of grain elevator as conducted by the assured.

Employ mechanics for ordinary alterations and repairs in the within described premises, but this shall not be held to include the constructing or reconstructing of the building or buildings or additions, or the enlargement of the premises and nothing herein shall be held to void any privileges granted in the printed conditions of this policy.

(Add other necessary or required clauses.)

ELEVATOR BUILDING AND GRAIN FORM (TERMINAL)
(*Uniformity West*)

(For Use on Either Fire or Tornado Policies)

On the following described property, all situated.....

*1 $....On the.....power.....roof.....elevator building, including foundations, plumbing, electric wiring and stationary heating, lighting and ventilating apparatus therein, and

all permanent fixtures belonging to and constituting a part of said building; also engines, boilers, fixed and movable machinery, electrical or otherwise, pumps and connections belonging thereto; shafting, pulleys, belting, spouts, scales, elevators, tools, office furniture, fixtures and supplies; all only while contained in the above described building, known as the.....Elevator.

*2 $....On the.....story.....roof.....engine and boiler house building, including foundations, plumbing, electric wiring and all permanent fixtures belonging to and constituting a part of said building.

*3 $....On engines, boilers, fixed and movable machinery, electrical or otherwise, pumps and connections belonging thereto, all only while contained in above described.....

*4 $....On grain and seeds, including bags; and provided the assured is legally liable therefor, this item shall also cover said merchandise while held in trust, or on commission, or sold but not delivered; only while contained in the above described elevator building or in cars within 100 feet thereof.

*5 $....On.....

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

No smoking shall be permitted (except in office) and no open lights (except cold blast tubular watchman's lanterns) shall be used in the above described elevator building.

(Attach usual clauses including Inherent Explosion.)

ELEVATOR BUILDING AND GRAIN FORM
(For Other Than Terminal Elevators)

(For Use on Either Fire or Tornado Policies)
(*Uniformity West*)

On the following described property, all situated.....

*1 $....On the.....power.....roof.....elevator building, including foundations, plumbing, electric wiring and stationary heating, lighting and ventilating apparatus therein, and all permanent fixtures belonging to and constituting a part of said building; also engines, boilers, fixed and movable machinery, electrical or otherwise, pumps and connections belonging thereto; shafting, pulleys, belting, spouts, scales, elevators, tools, office furniture, fixtures and supplies; all only while contained in the above described building, known as the.....Elevator.

*2 $....On the.....story.....roof.....engine and boiler house building, including foundations, plumbing, electric wiring and all permanent fixtures belonging to and constituting a part of said building.

*3 $. ..On engines, boilers, fixed and movable machinery, electrical or otherwise, pumps and connections belonging thereto, all only while contained in above described engine and boiler house building.

*4 $....On grain, seeds, beans, peas, flour, feed, meal, stock food, salt, lime, cement, coal, wood, including bags and sacks, and such other merchandise as is usually kept in grain elevators (except hay and straw unless specifically mentioned); and, provided the assured is legally liable therefor, this item shall also cover said merchandise while held in trust, or on commission, or sold but not delivered; only while contained in the above described elevator building or in cars within 100 feet thereof.

*5 $....On.....

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

(Attach usual clauses including Inherent Explosion.)

GRAIN IN ELEVATOR, OWNERS (OR LESSEES) FORM

On grain of every kind and description, including freight, back charges, charges, advances, liens and claims thereon, not to exceed in gross the actual market value in.....their own or in their custody as care parties, forwarders, carriers, in trust, on commission, on consignment, on account, joint account, or otherwise, or sold but not delivered, and delivered but not paid for, or which the assured or any of them, shall elect to cover hereunder, unless otherwise specifically insured, contained in the..... situate.....

Notice from the assured within 60 days from date of loss to be binding on insured and insurer as to what grain is covered hereunder.

Nothing herein shall be held to make the insurer hereunder liable for contingent or consequential loss or liability of any kind.

Privilege to make alterations and repairs, to effect other insurance, to operate day and night, or to be closed indefinitely without prejudice to this policy.

100 per cent Average Clause 5 per cent Waiver.

Lighting Clause.

Electrical Permit.

(Add other necessary or required clauses.)

CHARGES ON GRAIN FORM

(*Special*)

On "Charges" on grain and seeds of all kinds, their own or held in trust or on commission, or sold but not delivered, if in case of loss the assured is legally liable therefor, while contained in.....

The term "Charges" as used herein is intended to and does hereby cover and include the following, viz.:

1. Receiving, handling, storage and delivery charges, consisting of 1½ cents per bushel, for each and every bushel of grain and seeds, contained in said buildings and an additional one-thirtieth of one per cent per bushel for each day or fractional part thereof, following the fifteen days next after the receipt of the grain until the date of the fire.

2. Carrying charges as owners, vendors, and, or, warehousemen on said grain and seeds, to be ascertained by deducting the cash market price thereof on the day of and at place of fire from the price of an equal amount of grain and seeds for such future delivery at any market which the assured may select from the closing market quotations therefor on the day of fire, also all other established profits (if any) on existing contracts or sales including commissions and advance freight charges.

3a. Excess of price (if any) which the assured shall pay, over and above the said market price for future delivery selected for settlement of carrying charges above named, in purchasing on the first market day after the fire an equal amount of like grades of grain and seeds for the same future delivery.

3b. Excess of price (if any) which the assured shall pay over and above the cash value on day of fire in purchasing an amount, of like grades and quality, equal to that damaged or destroyed, and under either "3a" and "3b" or both, such additional sums (if any) as the assured may be required to pay or assume in liquidation of damages or penalties incurred through the inability of assured to obtain like qualities and or grades and or qualities with which to fill any contracts for future delivery of grain or seeds, existing at date of fire.

4. The increased values (if any) of grain and seeds which the assured could have produced by cleaning, handling and improving the qualities or grades of said grain and seeds over and above their condition at the time of fire, as evidenced by what has already been done by the assured per assured's books and records, less the cost and expense of improving said grades.

5. Loss of fire insurance premiums on policies surrendered on account of fire, and covering on "Charges" and on said grain and seeds and on said buildings at the time of fire, which loss shall be the total pro rata premiums on all said policies, computed on each policy from the day of fire to the expiration of such policy.

6. Interest at the rate of six per cent per annum on the amount of loss by fire, for the period of time from the date of fire to the expiration of sixty days from date of accepted proofs of loss on the said grain and seeds, buildings and charges.

In case of loss the price of grain and seeds for future delivery shall be determined by the officially published market quotations of any market selected, provided: that if fire occur on any market holiday or Sunday, the closing market price of last preceding market day shall govern.

Other insurance permitted.

GRAIN FORM

(Terminal Elevators)

(For Use on Either Fire or Tornado Policies)

(*Uniformity West*)

$....On grain and seeds, including bags; and, provided the assured is liable therefor, this item shall also cover said merchandise while held in trust, or on commission, or sold but not removed, only while contained in the.....power elevator building, or in cars within one hundred feet thereof, known as the .....Elevator, situated.....

LOSS PAYABLE CLAUSE

Loss, if any, to be adjusted with original assured named herein, and payable to assured or order hereon with the return of this contract. In event of sale and delivery of any property insured hereunder, this contract will remain in full force and effect for the sole use and benefit of the purchaser of any property covered by this contract until 12 o'clock noon of the next business day succeeding the delivery of the property (only payment in full by check or otherwise, and delivery of warehouse receipts shall constitute a delivery as above described), but from and after that time this contract shall be void as to any person claiming thereunder, except the original assured, for whom it shall continue in force as heretofore, covering other property as herein described.

(Attach Lightning, Inherent Explosion and other usual clauses.)

Note: This form may be used for grain in other than terminal elevators, omitting Loss Payable and Inherent Explosion Clauses.

Note: Many States provide for the writing of certain grain risks under a reporting form of policy, the following being a fair illustration of the rules:

GRAIN RISKS—REPORTING FORM WITH PREMIUM ADJUSTMENT

(Fire or Tornado)

Reporting forms under these rules may be written to cover in the following risks only where the rates published specifically provide therefor:

(a) Stock only in grain elevators, grain warehouses, corn cribs and grain tanks, and/or

(b) Stock only in flour mills, malting plants, and in warehouses operated in connection therewith, subject to the following rules:

Policy form must state location of risks containing the property insured, and limit of insurance or value at each location named in schedule.

Contract shall provide for assumption of liability to the full value of the property insured at each location by policies issued through agencies in the various States in conformity with the laws thereof, and in accordance with the rules and regulations applying, not exceeding however, the specific limitation applying to each location.

Initial statements to be made and policy issued for an amount equaling the full actual values at all specific locations.

Every such contract shall contain a provision that the insured shall be indemnified for not more than that proportion of the loss, which the last reported value of stock bore to the actual value of stock at the time of such last report, and in no event for more than the actual loss.

At the close of and on a specified day of each week, the insured shall furnish a statement showing the total daily average value for the seven preceding days in all locations.

The average of such weekly statements shall constitute a monthly value and amount of insurance, and the sum of such monthly averages of value and insurance, divided by the number of months as they elapse, shall determine at the end of each month the actual average amount of value and insurance for the period which has elapsed.

If at the close of any month the average value and insurance for the period which has elapsed, as above determined, shall show an increase above or a decrease below the corresponding value and insurance at the close of the previous month, an additional or return premium shall be collected or returned, as the case may be, such additional or return premium to be computed in every instance for a period of twelve (12) months.

All policies written in conformity with this rule shall be issued for a term of one year only.

Policy shall not contain permit for unlimited other insurance, but the following permit may be attached:

This policy of insurance written upon this plan shall be known as the Premium Adjustment Coverage Plan.

Permission is hereby granted for other insurance written upon the same plan, terms, conditions and provisions as those contained in the form attached to this policy, i.e., insurance written upon the said premium adjustment coverage plan; and if the insured now has or shall hereafter procure any insurance covering in whole or in part the property described in this policy, other than as hereby permitted, whether valid or not, then this policy shall be void and inoperative and of no effect as to any property purporting to be covered by any such other insurance.

(Elevators—Other Than Terminal)

(For Use on Either Fire or Tornado Policies)

(*Uniformity West*)

$....On grain, seeds, beans, peas, flour, feed, meal, stock food, salt, lime, cement, coal, wool, including bags and sacks, and such other merchandise as is usually kept in grain elevators (except hay and straw unless specifically mentioned); and provided the assured is legally liable therefor this item shall also cover said merchandise, while held in trust, or on commission, or sold but not delivered; all while contained in the.....power..... roof.....elevator building, or in cars within 100 feet thereof, known as the.....Elevator, situated.....

(Attach usual clauses including Inherent Explosion.)

GRAIN IN ELEVATOR

(*Open Policy Form*)

On any and all grain, seed, flour, malt, and other merchandise of every kind and description, including freight, back charges, charges, advances, lien and claims thereon, not to exceed in gross the actual market value in.....their own or in their custody as warehousemen, forwarders, carriers, in trust, on commission, on consignment, on account, joint account, or otherwise, or sold but not delivered and delivered but not paid for, unless other-

wise specifically insured, provided that the insurance hereunder has not been terminated, contained in such elevators or in cars on tracks alongside thereof, or adjacent thereto or at such other places as may be designated in the City of.....for such amounts and at such premiums as may be named in certificates issued hereunder or entered in open policy books kept therefor. In event of a certificate being issued, the same shall not be deemed to be for additional insurance to the amount entered in open policy book.

All risks shall commence at the hour of their acceptance from the assured by the agents of this company and shall terminate at the hour of acceptance of notice of cancellation from the assured by said agents and shall not be binding or of effect beyond such time.

Whenever the interest of a common carrier is insured hereunder this policy shall extend to cover the assured as named herein, as owners or as agents, or for the benefit of the owners of said property or for those entitled to the possession thereof. Notice within 60 days from date of loss, from the assured, to be binding upon the assured and the assurer as to who, in addition to the assured, was insured hereunder. Provided, however, that if any of the property insured shall have also been insured by the owner, agent or other person, loss or damage, if any, shall be paid thereunder only to the extent of the excess of such loss or damage over the amount of the adjusted liability under the insurance taken out by the owner, agent, or other person last above referred to, it being the purpose of this insurance to cover the liability in full of the assured as warehousemen, forwarders, carriers, trustees or agents, not exceeding the amount hereby insured, nor the actual market value of the property insured in....., at the time of fire, and nothing herein shall be held to make the assurer hereunder liable for contingent or consequential loss or liability of any kind.

Whenever contingent or conditional insurance shall be accepted under this policy, it is agreed by the assured hereunder that the same shall be construed and be Excess Insurance only, and that such insurance shall not contribute with any insurance regularly created and actually existing, but shall be liable only for its pro rata proportion, not exceeding the amount insured, for the value

of such merchandise as may be in excess of the total amount of all insurance actually existing and regularly bound, which excess only shall be deemed to be covered under this policy.

Privilege to make alterations and repairs, effect other insurance without notice until required, to operate day and night, or to be closed indefinitely without prejudice to this policy.

All entries hereunder covering in steel or fireproof elevators or tanks are subject to the 100 per cent Average Clause attached hereto and all other entries are subject to the 80 per cent Average Clause attached.

Lightning Clause.

(Add other usual or required clauses.)

OPEN POLICY ON MERCHANDISE IN WAREHOUSE

(*Issued to Operator of Warehouse*)

The liability under this policy shall be limited to such amounts and shall be in effect for such periods as may be shown by the separate entries made in the Open Policy Book attached hereto.

On merchandise of all kinds, including packages, the property of the insured; and on the interest of the insured in and/or liability for similar property held on storage, or for repairs, or otherwise, and belonging in whole or in part to others, while contained in the.....building, or while temporarily on platforms, sidewalks, trucks and cars alongside, in process of loading or unloading, situate.....

No risks under this policy shall be binding until accepted by ....., agents of this Company at.....

All risks shall commence from the time of their acceptance by the agents of this Company and shall terminate at the time of cancellation by said agents and shall not be considered binding or in force beyond such time of cancellation.

It is mutually understood and agreed that this policy does not cover property which is specifically insured.

Other insurance permitted.

Eighty per cent Coinsurance clause attached.

Lightning clause attached.

Electric light clause attached.

(Consequential Damage Clause if Cold Storage.)

CERTIFICATE OF INSURANCE

(For the Insured Under Open Policy)

Amount ..... **Example Insurance Co.** Subject to .....
Rate .....
Premium ..... NEW YORK ..... clauses.

.....19....

This Certifies That .....ha... insurance by this Company against loss or damage by fire under Policy No.....Entry No..... issued through its agency at....., to the amount of.....Dollars, on ..... terminating.....day of.....19.., at noon.

Loss, if any, in conformity with the conditions of said Policy, to be adjusted with..... and payable to..... only on presentation of and surrender of this Certificate.

Not valid until countersigned by the authorized agent at .....

.....
President or Manager.

Countersigned at.....this.....day of.....19....

.....Agent

COLD STORAGE BUILDING FORM

$....On the.....building, occupied for.....purposes, including additions and extensions adjoining and communicating, heating, lighting, water or other circulating piping and fixtures, ventilating, elevating and plumbing apparatus and fixtures, boilers, engines, dynamos, ice and refrigerating machines and machinery and tools and appurtenances pertaining thereto, and all other apparatus and fixtures used for the service of the building for the above described purposes, including office equipment, advertising matter, signs and awnings therein, thereon or attached thereto, situate.....

Permission granted to cease operations during customary seasons, and to do such work and use such materials as are customary in such plants.

(Add usual and required clauses.)

Note: It is customary to require that a consequential damage clause be made a part of the contract, the following forms being widely used:

CONSEQUENTIAL DAMAGE CLAUSE.—(To be attached to all policies covering on merchandise, stocks or products, in houses artificially cooled.) This policy does not cover, and this Company shall not be liable for any indirect or consequential loss or damage, including loss or damage caused by change of temperature resulting from, occasioned, or caused by the total or partial destruction by fire or lightning, of the refrigerating or cooling apparatus, connections or supply pipes, nor by the interruption of the refrigerating or cooling processes from any cause.

CONSEQUENTIAL DAMAGE CLAUSE.—This insurance is against only direct loss or damage by fire, and does not cover any loss or damage caused by change of temperature resulting from the total or partial destruction or disablement by fire or lightning of the cooling or other apparatus, connections or supply pipes, nor by the interruption of the cooling or other processes from any cause.

CONSEQUENTIAL DAMAGE CLAUSE.—(Liability assumed.) This insurance being otherwise against only direct loss or damage by fire, in consideration of $....additional premium, this Company also assumes liability (not exceeding the amount of this policy remaining after the liability of this Company for any direct loss or damage has been determined) for any loss or damage to the property described while contained in the above-named building, caused by change of temperature, resulting from the total or partial destruction or disablement of the cooling apparatus, connections or supply pipes, by fire occurring in the above-described building, or in any other of the following buildings:

(Here name the location of the refrigerating plant and any other building through which the supply pipes pass, and which, if burning, might disable them.)

COLD STORAGE MERCHANDISE FORM

(Operator's Insurance)

$....On merchandise in bulk or in packages and packages containing same, also on stock of ice and on stock of packages of all kinds including cooperage stock, the property of the insured

or held in trust or on commission, or sold but not delivered or removed, or on storage for others for which the insured may be legally liable, together with all accrued charges, advances, liens and claims thereon but this policy shall not cover contents of fireproof safe, nor property upon which the insured has disclaimed liability to parties for whom it is held, nor for which the insured is not liable in case of loss, nor property belonging in whole or in part to others and separately or specifically insured; all while contained in the.....building occupied principally for cold storage purposes, situate.....

In the event of there being specific insurance on any of the property as above described, this insurance shall apply only for such an amount as the actual value of the said specifically insured property, including in addition, liens, advances, freight, storage and/or other accrued charges thereon, exceeds the amount of said specific insurance as adjusted and then shall apply only after the said specific insurance is exhausted.

It is understood that this insurance shall not be invalidated by any pledge of the property as collateral or by any encumbrance thereon.

(Attach consequential damage clause and other usual or required clauses.)

COLD STORAGE MERCHANDISE FORM

(*Insurance in Name of Operators*)

$....On merchandise and packages therefor, belonging to the insured, or for which the insured may be liable and on which the insured has issued certificates of insurance; also all accrued charges, advances, liens and claims on such merchandise, and on any other interest of the insured in merchandise to the extent of such interest, all while contained in the.....building and additions adjoining and communicating, occupied principally for cold storage purposes, situate.....

It is understood and agreed that this policy attaches only to goods not more specifically insured.

In case of loss, adjustment to be made directly between the parties for whom the goods are held and the insurers.

Loss, if any, payable to.....or order hereon; and this policy shall not be void on account of any pledge of the property as collateral.

This insurance being otherwise against only direct loss or damage by fire, in consideration of $.....additional premium, this Company also assumes liability (not exceeding the amount of this

policy remaining after the liability of this Company for any direct loss or damage has been determined) for any loss or damage to the property described while contained in the above named building, caused by change of temperature, resulting from the total or partial destruction or disablement of the cooling apparatus, connections or supply pipes, by fire occurring in the above described buildings, or in any other of the following buildings.....

(Attach other usual or required clauses.)

CONSEQUENTIAL LOSS AND DAMAGE FORM NO. 1

(Single Source Equipment)

(*Cold Storage Plant*)

$....Against consequential loss or damage to stock of merchandise consisting principally of.....only while contained in the.....story.....roof.....building occupied as a..... situated.....

The following provisions are also made a part of this insurance:

1. That this company shall be liable only for such loss or damage to the property insured, not exceeding the sum insured under this policy, nor the interest of the assured in the property, as may be caused by change of temperature resulting from the total or partial destruction by fire, or by lightning (as provided in the Consequential Loss and Damage Lightning Clause incorporated herein), of refrigerating or cooling apparatus, connections or supply pipes, or by the interruption by fire, or by lightning (as provided in the Consequential Loss and Damage Lightning Clause incorporated herein), of refrigerating or cooling processes, in the above described building, or any of the following buildings: .....(here give the location of the refrigerating plant, or any other buildings through which the supply pipes, connections, or other apparatus pass, and which if destroyed or damaged by fire or lightning might disable them).....

2. That the liability assumed by this company hereunder shall be only such proportion of the actual loss and damage hereunder as the amount insured under this policy bears to the total value of the property insured hereunder.

Consequential Loss and Damage Lightning and Electrical Exemption Clauses

Consequential Loss and Damage Lightning Clause.—Except as provided in the Consequential Loss and Damage Electrical Exemption Clause incorporated herein, this policy shall cover such consequential loss or damage (as defined in this policy) to the property insured hereunder, not exceeding the sum insured under

this policy, nor the interest of the assured in the property, as may be caused by lightning (meaning thereby the commonly accepted use of the term lightning, and in no case to mean cyclone, tornado or windstorm), and subject in all other respects to the terms and conditions of this policy. Provided, however, if there shall be any other consequential loss or damage insurance on said property, this company shall be liable only pro rata with such other insurance for any consequential loss or damage by lightning, whether such other insurance be against consequential loss or damage by lightning or not.

CONSEQUENTIAL LOSS AND DAMAGE ELECTRICAL EXEMPTION CLAUSE.—It is a special condition of this insurance that this company shall not be liable for any consequential loss or damage (as defined in this policy) to the property insured hereunder caused by change of temperature resulting from damage to dynamos, exciters, lamps, switches, motors and other electrical appliances or devices, caused by electrical currents whether artificial or natural (including lightning).

CONSEQUENTIAL LOSS AND DAMAGE FORM NO. 2

(Two Source Equipment)

This form is the same as the foregoing, with the addition of the following provision:

That, in consideration of the reduced rate of premium charged, there shall be maintained at least two separate and complete plants for furnishing refrigeration, both being under the control of the owners or lessees of the building containing the property insured, to be kept in readiness at all times for instant use, and each of sufficient capacity to answer all demands should one refrigerating plant be damaged or destroyed.

COLD STORAGE MERCHANDISE FORM

(*Outside Parties*)

$....On merchandise and packages therefor, belonging to the insured, or in which the insured has an interest to the extent thereof, or for which the insured may be liable, while contained, etc.

(Attach usual or required clauses.)

FUR STORAGE FORM

$....On furs, fur garments and others property held on storage or for repair and on the value of labor performed or materials expended thereon, together with all accrued charges, advances, liens and claims on such property, while contained in the..... building, occupied principally for.....purposes and situate.....

In case of loss upon property held by the insured on storage or for repairs, on which a limitation as to liability of the insured to the owner or owners for loss by fire shall have been fixed or agreed upon, by the issue of receipt or otherwise, it is agreed that the "actual cash value" of such property shall in no case exceed the amount of such limit of liability so fixed or agreed upon; and the optional right of this Company to take the whole or any part of such property, provided for in lines 4 and 5 of said printed conditions (as thus interpreted), shall be secured to this Company by the insured, on demand, or claim for loss thereon wholly waived.

(Attach usual or required clauses.)

FUR STORAGE FORM

$....On furs, fur garments and other property held in storage to the extent of the agreed liability of said insured therefor, which agreed liability is hereby taken and accepted, on proof thereof, as the amount for which this Company shall be liable in case of loss or damage; and on the value of labor, repairs and alterations performed thereon.

Amounts stipulated in receipts issued by the insured for property held on storage or otherwise as the agreed liability of said insured shall be taken and accepted by this Company as the actual value of said property, but this condition shall not apply to any goods or articles for which such receipts have not been issued; provided, however, that goods and articles received on memorandum, awaiting valuation and other particulars prior to receipts being issued, shall be held covered against loss or damage for five days subject to the usual conditions of the policy where no value is named. The said agreed liability shall also be taken and accepted as the "ascertained or appraised value" of said property referred to in the printed conditions of this policy.

In accordance with the conditions of this policy this Company, upon paying the amount of such stipulated liability on any article or articles upon which damage is claimed, shall be entitled to the remains or salvage of such article or articles. Failure on the part of the insured to surrender to the Company the remains or salvage of any such article or articles shall waive or forfeit all claim under this policy for loss or damage on such article or articles.

(Attach usual or required clauses.)

GENERAL STORAGE WAREHOUSE BUILDING FORM

On the brick and frame buildings connecting and communicating, including all additions, attachments, extensions, connections, improvements, platforms and permanent equipment, heating and lighting apparatus, electrical equipment, sprinkler equipment, fire appliances, piping, plumbing, signs, screens, and awnings (in and on buildings), elevators, motors, and all machinery, furniture and fixtures, fittings, tools, implements, utensils, and supplies, belonging to said building and comprising its operating equipment, occupied as a general storage warehouse and for purposes not more hazardous, situate.....

(Attach usual or required clauses.)

GENERAL STORAGE WAREHOUSE CONTENTS FORM

(Operator's Insurance)

$....On personal property consisting principally of.....and on packages containing the same, the property of the insured, or in which the insured has an interest to the extent thereof, or for which the insured is legally liable, together with all accrued charges, advances, liens and claims on such property; all while contained in or on the.....building and additions and extensions adjoining and communicating, and on platforms or ground adjacent thereto while in process of loading or unloading, occupied for general storage purposes and situate.....

This policy shall not cover on property which is the subject of more specific insurance.

(Attach usual or required clauses.)

PROPERTY IN WAREHOUSE FORM

(Owner of Property)

$....On personal property consisting principally of..... and packages for or containing same, while contained in the..... building, occupied principally for general storage purposes and situate.....

This insurance shall not be invalidated by any act or neglect of any occupant of the within described premises, providing such act or neglect is not within the control or knowledge of this insured and any warranty hereto attached shall be binding upon this insured only in so far as within his control or knowledge.

(Attach usual or required clauses.)

ACCRUED CHARGES (WAREHOUSE) FORM

$....On accrued charges of every description outstanding against goods, merchandise or other property, contained in building situate .....

This insurance protects the assured against loss of charges accrued at the time of the happening of any fire, and due from parties having goods, merchandise or other property stored in the above described building, which property shall have been destroyed or damaged by fire.

The special condition of this insurance is, that in case of such fire causing loss or damage to said property, this company shall pay to the assured its loss upon said charges upon the assured making an assignment in writing to the companies carrying this insurance, of their claim or claims against the parties storing said property.

For the purpose of securing the collection of these charges in case of fire, the assured hereby covenants and agrees to place a lien upon the companies insuring properties on which said charges are due, where such companies are known to the assured.

It is understood and agreed that this company shall not be liable for loss on that portion of said accrued charges which are due for a longer period than two years.

(Attach usual or required clauses.)

DIVISION VIII

MANUFACTURING BUILDINGS AND THEIR CONTENTS

Insurance on this class of property usually covers, separately; the building, the machinery, and the stock, although they may all be written in one item, blanket, with coinsurance in most States.

Policies covering manufacturing property usually contain the following permits and clauses, worded in accordance with local underwriting rules:

Other Insurance, Lightning, Dynamo, Electric or other Lighting that may be required, Kerosene Oil Stove, Mechanics, Work and Materials; also Cease Operations and Vacancy or Unoccupancy as permitted, together with such other clauses as may be necessary or desirable, or as may be required by local underwriting rules.

Care should be exercised that permit be granted for gasoline or benzine, if used, or for automobiles, if any, for these things are common in many such risks. (See also Special Agreements.)

The forms given are intended for use in insuring any kind of manufacturing risk, though some will require additional or special wording or cover to fit specific needs. In many States the wording of the forms is prescribed and no other may be used.

MANUFACTURING BUILDING FORM

(*For Any Occupancy*)

$....On building and/or additions, principally of.....construction and all permanent fixtures attached thereto and/or contained therein, including lighting, heating, plumbing and/or ventilating apparatus (stationary vaults and/or safes), machinery used to operate elevators, for heating and/or other purposes not connected with manufacturing, millwright work, partitions, divisions, elevators, dumb-waiters, stairways, platforms, telephone systems, annunciators, speaking tubes, decorations, signs, awnings, screens, and/or storm doors, and all other building equipment, apparatus, and/or appurtenances, even though not specifically mentioned,

whether in place, contained in, attached to the outside, and/or on roof of building and/or additions, occupied principally for..... purposes, situate.....

(Add usual clauses.)

MANUFACTURING BUILDING FORM

(*For any Occupancy*)

$....On the.....buildings, additions and extensions adjoining and communicating, situate.....

This policy also covers engines, boilers, dynamos, motors, tanks, pumps, setting, connections, sprinkler system, main line of shafting, pulleys, hangers, heating, lighting, ventilating and electric apparatus, and such equipment, apparatus, fixtures and connections as pertain to the service of the building or the furnishing of power therein, ranges, steam, gas and water pipes, elevators, hoists and all appurtenances and connections thereto, decorations, frescoes, stairs, stained, plate and other glass, lettering, signs, awnings, storm doors, windows and screens, burglar alarm, mirrors, stoops, flag poles, sidewalks, flagging, railings, grating, privies, fences, yard fixtures, vaults under sidewalk, and all permanent fixtures therein and thereto said buildings, additions and extensions, occupied principally for.....

MACHINERY AND STOCK FORM

(*For Use When Insuring Tenant*)

$....On machines and machinery of every description, fixed and movable, including engines, boilers, dynamos, motors, parts, attachments and appurtenances of same, hangers, shafting, pulleys, belting, mill work, tools, implements, utensils, supplies and equipment generally, and on office furniture, fixtures, and equipment of every description, including desks, chairs, counters, partitions, divisions, typewriting, duplicating and adding machines, safes, stationery, advertising matter, catalogues, signs, awnings, screens and/or storm doors, and all other plant equipment, apparatus and/or appurtenances even though not specifically mentioned, and

$....On stock of every description, consisting principally of .....manufactured, unmanufactured and/or in process of manufacture, including all articles, materials and/or supplies used, carried and/or kept by the assured, even though not specifically mentioned, and packages for and/or containing same, all while contained in, attached to the outside and/or on roof of the.....building and additions adjoining and communicating, occupied for.....purposes, situate.....

(Add usual clauses.)

MACHINERY AND STOCK FORM

$....On engines, boilers, dynamos, motors, machines, machinery, forges, flasks, cranes, tramways, connections, millwright work, settings, steam, gas and water pipes, gas and electric fixtures, heating apparatus, shafting, belting, pulleys, patterns, hangers, pumps, tanks, vats, retorts, conveyors, scales, moulds, trucks, presses, type, cameras, lenses, plates, halftones, electrotypes, sterotypes, wood cuts and process cuts, dies, lasts, machinery supplies, fuel, machinery repairs and labor thereon, meters, solutions, models, factory, office and other furniture and fixtures of every description, shelving, carpets, matting, shades, partitions, show cases and show figures (inside and outside), lettering, pictures, clocks, awnings, signs, iron safes, stationery, typewriting machines, telephones and connections, blowers, advertising matter, designs, drawings, trunks, tools, implements, scientific and other instruments, apparatus, utensils, appliances and appurtenances and all other property not heretofore mentioned or otherwise insured (including also improvements and betterments to buildings where buildings are not owned by assured); and

$....On stock, samples, materials and supplies, manufactured, unmanufactured and in process of manufacture, including cases boxes, labels and packages, and on other merchandise, in all stages. Under the respective items this policy shall cover property of the assured, or in which the assured may have an interest not stated herein to the extent of such interest, or for which the assured may be liable; and on the property of others held on storage or for repairs, for which the assured may be liable; also for labor performed on same; all contained in, on, under and about the buildings, additions, extensions adjoining and communicating, and sidewalks, situate.....and occupied principally for.....

It is understood and agreed that particular machines and/or motors and/or the property of others, or any other articles or property above enumerated on which there is specific insurance are not covered by this policy.

It is understood and agreed that bituminous coal in the open is not covered under this policy.

It is understood that where the buildings above described are owned by the assured that such of the above described property as may be enumerated under the building policies is not covered by this policy.

It is understood and agreed that not more than 15 per cent of the amount of the first item shall cover on patterns and dies.

GENERAL MANUFACTURING FORM

$....On the chiefly brick and/or frame building, additions, extensions adjoining and communicating, including boilers, engines, and heating, hoisting, plumbing, lighting and power fixtures and appurtenances, shafting, belting, pulleys, hangers, motors and other apparatus, or parts thereof, or attachments thereto, pertaining to the service of the building and the furnishing of power therein, or other fixtures that are a part of the realty, therein, thereon or attached thereto; sidewalks, fences and yard fixtures; situate and known as....., and used for....., or purposes not more hazardous.

$....On machines and machinery, tools, apparatus and appurtenances, and all other personal property, whether required by the terms of this policy to be specifically mentioned or not, except (a) that covered under item one as part of the realty, (b) that covered under item three as part of the stock and (c) that specified in line 38 of this policy; and/or the interest of the assured, if any, in machinery held on storage, or for repairs, or on consignment or royalty, or lease, or for which the assured may be legally liable; and on labor performed and for materials used thereon; all while contained on premises as described in first item.

Not more than.....per cent of this shall cover on patterns.

$....On stock, materials and supplies in all stages, including samples, labels, cartons, cases, advertising matter and stationery, their own or the property of others for which they are legally liable, or in which they have an insurable interest not stated herein to the extent of such interest; and on labor performed and/or materials used thereon; all while contained on premises as described in first item.

SPECIAL CONDITIONS.—This policy does not cover stock or other property specifically insured unless the value thereof exceeds the specific insurance and in that event for the amount of such excess value only.

EXCLUSIONS.—This policy shall not be held to cover cost of excavations; nor foundations of any building below the level of the ground.

PRIVILEGES EXTENDED TO THE ASSURED.—To do such work and to use such materials as are usual to the business of.....; to operate extra hours, or all night, without prejudice to this insurance, it being agreed that a competent man, other than the regular watchman, shall have supervision and make regular inspection of those rooms in which shafting and belting are running, and where employees are not at work; to remain vacant not exceeding a total of thirty days during the life of this policy; for other insurance without notice until required; for mechanics to be employed for

ordinary alterations and repairs in the within described premises, but this shall not be held to include the constructing or reconstructing of the building or buildings, or additions, or the enlargement of the premises.

This policy covers pro rata of each of the above amounts, aggregating $.....

Lightning Clause.

Eighty per cent Clause. With 5 per cent Exemption.

(Add other usual or required clauses.)

Note: If desired, the foregoing may be used as a blanket form, covering all buildings and contents of a plant (but separating them into three items), by making the word building in first line plural and adding the following distribution clause:

Each item of this policy shall attach on or in each separate building or location in the proportion which the value on or in each bears to that on or in all.

MANUFACTURING SPECIAL HAZARDS FORM

This policy being for $...., covers its pro rata proportion of and on the following amounts and items:

*1 $....On the.....story.....roof.....building, occupied as.....

*2 $....On machinery, and

*3 $....On stock, and

*4 $....On patterns, moulds, models and forms; all only while contained in, or attached to, said building.

*5 $....On the.....story.....roof.....building, occupied as.....

*6 $....On machinery, and

*7 $....On stock, and

*8 $....On patterns, moulds, models and forms; all only while contained in, or attached to, said building.

*9 $....On the.....story.....roof.....building, occupied as.....

*10 $....On machinery, and

*11 $....On stock, and

*12 $....On patterns, moulds, models and forms; all only while contained in, or attached to, said building.

*13 $....On.....

$....Total Insurance. Average Premium Per M. $....

All the above described property being situated..... State of.....

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

The words "BUILDING," "MACHINERY" and "STOCK" as used herein shall be construed to cover as follows:

"BUILDING"—On building, including foundations, plumbing, electric wiring and stationary heating, lighting and ventilating apparatus and fixtures therein; also all permanent fixtures, stationary scales and elevators, belonging to and constituting a part of said building.

"MACHINERY"—On fixed and movable machinery of every description, engines, boilers, pumps, dynamos, electrical machinery, apparatus, appliances and devices, including their settings, connections, attachments and appurtenances; fuel; hose and other fire extinguishing appliances; signs and awnings (signs and awnings covered under fire policies only); drawings, dies, scientific apparatus; pictures, paintings, engravings and their frames, all at not exceeding cost; factory furniture, fixtures, equipment, tools, implements, utensils, and machinist's supplies, also office furniture, fixtures and supplies, including printed books, safes and typewriters.

"STOCK"—On merchandise and materials, manufactured, unmanufactured, and in process of manufacture, including all materials and supplies used in packing and preparing same for shipment; and provided the assured is legally liable therefor, this item shall also cover such stock held in trust, or on commission, or sold but not delivered.

The items on "Machinery," "Stock," and "Patterns, moulds, models and forms," shall also cover said "Machinery," "Stock," and "Patterns, moulds, models and forms" within one hundred (100) feet of the above described buildings while on sidewalks, streets, alleys, yards, detached platforms and in or on vehicles or railway cars; also on said "Machinery," "Stock," and "Patterns, moulds, models and forms" while on platform in contact with above described buildings; all only while in transit to and from said buildings.

Permission granted for such use of the premises as is usual and incidental in the business, as conducted therein, of..... (state kind of business).....and when not in violation of any law, statute or municipal restriction, to keep and use all articles and materials usual and incidental to said business, in such quantities as the exigencies of the business require.

(Attach usual and required clauses.)

BLANKET MACHINERY AND STOCK FORM (MFG.)
(Illustration)

On the entire contents of the buildings occupied by assured, consisting largely of automobiles and parts thereof, machinery and equipment, situated and known as Nos.....

This insurance also covers such property as is insured hereunder when outside of buildings described herein, but not beyond 100 feet from the premises unless otherwise stated herein.

Other insurance permitted.

This policy includes property as described and also all other property insurable under the conditions of this policy, whether specifically mentioned herein or not, if same forms part of assured's stock or equipment insured hereunder or is appurtenant thereto.

(Add usual clauses.)

BLANKET FORM (MANUFACTURING)

$....On all property, both real and personal (including property specifically enumerated in the policy on which liability is required to be specifically assumed, but excluding accounts, bills, currency, deeds, evidence of debt, money, notes, or securities), belonging to the insured and on the insured's interest in and/or liability for property held by the insured on storage, or for repairs, or otherwise, and belonging in whole or in part to others; also for labor performed or materials expended thereon. All while contained on his premises, occupied principally for.....purposes, situate .....

Attach clauses shown under "Special Agreements" numbered 1, 2, 3, 4, 5, 6, 7, 8 and 10; also Electric or other Lighting that may be required, Mechanics, and Cease Operations, Vacancy and/or Unoccupancy as permitted, together with such other clauses as may be necessary or desirable, or as may be required by local rules.

(See also Blanket Policies.)

PRINTERS' FORM

$....On patterns, moulds, models, matrices, drawings, designs, dies, solutions, photographic negatives, and lithographic plates and stones, and engravings thereon; the property of the assured, or held by the assured in trust, or the property of others for which the assured may be liable, including labor performed on same; and

$....On engines, boilers, dynamos, motors, machines, machinery, forges, flasks, cranes, tramways, connections, millwright work, settings, steam, gas and water pipes, gas and electric fixtures, heating

apparatus, shafting, belting, pulleys, hangers, pumps, tanks, vats, retorts, conveyors, scales, trucks, presses, type, cameras, lenses, lasts, machinery supplies, fuel, machinery repairs and labor thereon; pounces, cutters, knives, stencils, imposing stones and frames, blocks, brass stamps and gilding tools; and on plans, sketches, stereotypes, electrotypes, cuts, plates (other than lithographic), wood cuts, half-tones and work, labor and engravings thereon; meters, factory, office and other furniture and fixtures of every description, shelving, carpets, matting, shades, partitions, show cases and show figures (inside and outside), lettering, pictures, clocks, awnings, signs, iron safes, stationery, typewriting machines, telephones and connections, blowers, advertising matter, trunks, tools, implements, scientific and other instruments, apparatus, utensils, appliances and appurtenances, and all other property not heretofore mentioned or otherwise insured (including also improvements and betterments to buildings where buildings are not owned by assured); and

$....On Stock, Samples, Materials and Supplies, manufactured, unmanufactured and in process of manufacture, including cases, boxes, labels and packages, and on other merchandise, in all stages. Under the respective items this policy shall cover property of the assured, or on joint account with others, or sold but not delivered or removed, or for which the assured may be liable; and on property of others held on storage or for repairs, for which the assured may be liable; also for labor performed on same; all contained in, on, under and about the buildings, additions, extensions and sidewalks, situate: No.....

It is understood and agreed that property enumerated under first item is not covered under second item of this policy.

It is understood and agreed that where the buildings above described are owned by the assured that such of the above described property as may be enumerated under the building policies is not covered by this policy.

It is understood and agreed that particular machines and/or motors and/or the property of others, or any other articles or property above enumerated on which there is specific insurance are not covered by this policy.

(Add usual clauses.)

PRINTING OFFICE FORM
(*Uniformity West*)

*1 $....On printing presses and connections, machines, machinery; electrical apparatus, appliances and devices; brass rules, stands, cases, galleys, chases, type, slugs; metal and wood furniture; imposing stones and frames, racks, cabinets; electrotypes,

stereotypes, woodcuts, electrotype and stereotype blocks, plate, cuts; paper cutters and connections, tables, tools, shafting, belting, gearing, hangers, pulleys, ink, rollers; store and office furniture, fixtures, printed books and supplies, counters, shelving, show cases, scales, desks, safes, typewriters, cash registers; pictures, paintings and engravings, including their frames, all at not exceeding cost; lighting fixtures, stoves, signs and awnings (signs and awnings covered under fire policies only); and all other tools, implements and utensils as are usually kept in printing establishments; all not belonging to and constituting a permanent part of the building; also on stock of paper, plain, printed and in process of printing, and such other merchandise and materials as are usually kept in printing establishments; and, provided the assured is legally liable therefor, this item shall also cover such merchandise and material held in trust, or on commission, or sold but not delivered; all only while contained in, or attached to, the.....story..... roof.....building, situated.....

*2 $....On.....

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

(Attach usual clauses.)

MERGENTHALER LINOTYPE CO. FORM

(Used where their machines are insured while in the hands of others.)

$....On linotype machines, including all parts of and appurtenances to same, all while contained in the building, additions and extensions adjoining and communicating therewith, and/or on or under sidewalks, on open premises and in streets adjoining same situate.

Loss, if any, first payable to the Mergenthaler Linotype Company, as its lien or mortgagee interest may appear.

Privileged to work at all hours, to cease operations, to use oil stoves, to use electricity for light, and/or heat and/or power, to make alterations, additions and repairs, and this policy to cover therein, and for other insurance.

Permission granted for such use of the premises as is usual and incidental in the business, as conducted therein, and to keep and use all articles and materials usual and incidental to said business in such quantities as the exigencies of the business require.

Note: The word "materials" as used above, includes gasoline and such other materials as are prohibited by the printed conditions of the policy, when kept and used for such purposes and in such quantities as are usual to the occupancies permitted.

This insurance shall not be prejudiced if assured has waived right of recovery from any party or parties prior to date and time of loss or damage if any.

(Attach Lighting Clause.)

PRINTERS' OR LITHOGRAPHERS' FORM

$....On presses, motors, machines, mills, machinery, shafting, belting, pulleys, hangers, piping, tubing, type, electrotypes and labor performed in setting type, tools, implements, utensils, appurtenances and machinery supplies, and on electric and gas apparatus and fixtures, and on photographic apparatus, supplies and fixtures, photographic positives and transparencies; and on office and factory furniture and fixtures, signs, fresco work, wall and ceiling decorations, iron safes, stationery, office supplies, slates, tubes, metal plates, pictures, paintings and their frames and shadow boxes; and on framed and unframed specimens, progressive proofs, prints, photographs, books, art publications, and manuscripts, and on paper, card board, muslin, satin and other materials, printed and unprinted with the work thereon, finished or unfinished, and on goods in stock, or sold but not removed, whether paid for or not, and on inks, colors, varnish, bronzes, metal leaf, and other supplies, and on all other contents of whatever nature not otherwise insured.

$....On patterns, models, moulds, matrices, drawings, designs, dies, solutions, photographic negatives and copper cylinders coated with zinc or uncoated, used as a lithographic or gravure printing surface, lithographic plates and stones and engravings and drawings thereon, sketches, drawings, pictures, paintings, and designs, finished or unfinished including their frames.

This policy shall cover, under the respective items, the interest of the insured in and/or liability for similar property held on storage, or for repairs, or otherwise, and belonging in whole or in part to others.

CLOTHING MANUFACTURING FORM

(*In hands of other parties*)

$....On their clothing, manufactured and in process, including labor of employees, and all materials and supplies used in making

and/or repairing the same, while contained in the.....building, occupied as a.....situate.....said stock held by.....for manufacturing purposes.

Other insurance permitted.

This insurance is against only loss or damage by fire to property contained in premises above described, and does not cover any loss, direct or consequential, to property in any other location.

CLOTH SPONGERS' FORM

$....On woolens and other merchandise not hazardous, hazardous and extra hazardous, finished, unfinished or in the process of finishing, sponging, manufacturing or examining (including cost of labor expended thereon) the property of the assured or held in trust or on commission or on joint account with others, or sold but not delivered or removed, all while contained in or on buildings, extensions, and additions thereto and in vaults and under the sidewalks of the premises of the.....situate.....

This policy is issued with the understanding and agreement on the part of the company to issue certificates of insurance to any firm or firms, having merchandise in the above mentioned premises as shall be requested by the assured or their representatives for amounts not exceeding in the aggregate the total amount of the policy and not to extend beyond the expiration thereof.

It is further understood and agreed that such certificates shall form a part of this policy contract and be subject to all its conditions.

It is understood and agreed that this insurance is not held to include merchandise or property on which at the time of loss there may be specific insurance.

(Attach other usual or required clauses.)

CONSEQUENTIAL LOSS CLOTHING FACTORY

Note: Entire suits of men's clothes are not always made up in one place. After cutting, the coats may be sent to one location, vests to another and trousers to a third in equal quantities to make entire suits. A fire in one place destroying the coats, for example, would greatly depreciate the value of the remaining vests and trousers unless goods of the same pattern was available to replace the coats and so complete the suits. Payment for actual value of the portion of a suit destroyed may not cover the actual loss, and this has led to development of consequential loss insurance as expressed in the following form:

$....On the reduction in value of the remaining parts of clothing or parts of suits wherever located, except in the building where fire occurs, when the reduction is caused by the destruction or damage by fire of other part or parts located as described in the first item of this policy. Whenever the word "Property" occurs in the Coinsurance Clause as applied to this item, it shall be understood to mean the value of the various parts of clothing or parts of suits the reduction in value of which is insured by this item.

It is a consideration of this insurance that if there shall be other insurance on the property covered hereunder, this Company shall be liable, by virtue of this extension of liability, for such proportion only of such resultant loss as the amount of this policy bears to the total fire insurance on the property covered hereunder at the above named location, whether said other fire insurance does or does not cover consequential loss and whether or not said other fire insurance be valid or collectible.

The liability of this Company for any or all of the hazards covered under this policy shall not exceed the amount stated in this policy, and, except as specified herein, shall be subject to all of the forms and conditions of this policy.

STOCK IN TANNERY FORM

(*Operator's Insurance*)

$....On stock of hides, skins and leather in all stages, and on all by-products of tanning, such as hair, grease and glue stock, and on bark, tanning liquors and all materials and supplies used in the insured's business, while contained, etc.

This policy also covers the legal liability of the insured for similar property belonging in whole or in part to other parties.

(Attach other usual or required clauses.)

STOCK IN TANNERY FORM

(*For Outside Parties*)

$....On stock of hides, leather, skins and pelts, manufactured, unmanufactured or in process of manufacture, including all articles and materials entering into the same, their own or for which they may be liable or sold but not removed, while contained, etc.

(Attach usual or required clauses.)

STOCK IN TANNERY FORM

(*For Outside Parties*) (2)

$....On their divided or undivided interest in stock of hides and leather of all kinds in all stages and on materials and supplies therefor, while contained, etc.

This policy shall not cover property more specifically insured except for the excess of value, if any, over the amount of such specific insurance.

(Attach usual or required clauses.)

CREAMERY OR CHEESE FACTORY FORM

(*Uniformity West*)

(For Use on Either Fire or Tornado Policies)

*1 $....On the.....story.....roof.....building, including foundations, plumbing, electric wiring and stationary heating, lighting, ventilating and refrigerating apparatus and fixtures therein; also all permanent fixtures, stationary scales and elevators, belonging to and constituting a part of said building; occupied as a.....(state whether creamery or cheese factory) .....situated.....

This insurance shall also cover under this item, if the property of owner of building, signs and awnings (awnings covered under fire policies only), door and window screens and storm doors and windows, belonging to the above described building, while attached thereto or stored therein.

*2 $....On boilers and engines, pumps, fixed and movable machinery, including foundations, settings, connections and attachments; separators, vats, steam piping, cans, receivers and containers; electrical apparatus, appliances and devices; tools, implements, utensils, scales and office and factory furniture, fixtures, printed books and supplies; all only while contained in the above described building.

*3 $....On stock of milk, cream, butter, cheese, tubs, paper, linen, paper circles, rennet, bandages, color, salt and such other material and supplies used in the manufacture and preparation of the products of this plant; and, provided the assured is legally liable therefor, this item shall also cover such merchandise held in trust, or on commission, or sold but not delivered; all only while contained in the above described building.

This item shall also cover said merchandise within one hundred (100) feet of the above described building while on sidewalks, streets, alleys, yards, detached platforms and in or on vehicles or railway cars; also on said merchandise while on platforms in contact with above described building; all only while in transit to and from said building.

*4 $....On.....

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

(Attach usual clauses.)

FERTILIZER RISKS (FULL PROCESS OR DRY MIXING PLANTS)

(Buildings and Machinery—Specific)

.....Fertilizer or Phosphate Co., situated.....

$....On their.....story, frame.....roof building, including foundations, partitions and platforms adjoining and connected therewith, while occupied by assured for manufacturing Fertilizers, known as.....Building No.....

$....On their fixed and movable machinery, including crushers, mixers, conveyors, elevators, sacking machines, blowers, shafting, belting, hangers, connections, tools and all necessary appurtenances and appliances, all while contained in the.....Building above described.

$....On their.....story,.....roof Boiler House Building, located.....feet from above described Mill Building. Building No.....

$....On their engines, boilers, smokestack, foundations, pumps and connections, all contained in the Boiler House Building above described.

$....On their.....story, frame.....roof building, including foundations, partitions and platforms adjoining and connecting therewith, while occupied by assured for manufacturing Fertilizers, known as Acid Chamber Building. Building No. .....

$....On lead chambers and furnaces and all appurtenances and appliances connected therewith, contained in the above described Acid Chamber Building.

$....On their.....story,.....roof Boiler House Building, located.....feet from the above described Acid Chamber Building. Building No.....

$....On their boilers, foundations, pumps and connections, all while contained in the above described Boiler House.

$....On their.....story,.....roof building, including foundations, partitions and platforms adjoining and connecting therewith, while occupied by assured for storage of manufactured fertilizers.

Note: No insurance attaches under any of the above items unless a certain amount is specified in blank space immediately preceding the time.

This insurance is effected subject to the following conditions, which are accepted as parts of this contract:

WARRANTED BY THE ASSURED:

That the following articles when in excess of one day's supply shall be kept and stored only as hereinafter provided:

1. Class B Fertilizer Materials—Dried fish, dried peat, fish meal, foreign fish guano, goat manure, herring guano, humus or dried peat, lampblack, linseed meal, mineral black (ground coal), non-acidulated fish scrap, oil-treated scrap leather, peanut meal, scrap leather (oil treated), soya bean meal, sheep manure, tobacco dust and scraps (if it contains alfalfa), vegetable charcoal, wool waste (in bales).

(a) In an approved magazine or bin of fire-resistive material when in fertilizer factory or dump shed, mill or acidulating building or storage warehouse and/or acid chamber building, or (b) when in a standard reinforced concrete building, or in a standard all-metal building adjoining and cut off by standard fire walls, outside of said buildings, or (c) when in a standard brick building, or in a standard all-metal building not nearer than 20 feet, or (d) when in a frame building not nearer than 50 feet, or (e) shall not be stored in Fertilizer factory or dump shed or acidulating building, or storage warehouse and/or acid chamber building unless in bags tiered in piles of not exceeding in width the length of three (3) bags, with at least two (2) feet clear space on all sides and above, and clear of all woodwork.

2. Class C Ferilizer Materials—Garbage tankage, nitrate of ammonia, nitrate of calcium, nitrate of potash, nitrate of soda, unslaked lime, wool waste (in bulk).

(a) In an approved magazine when in fertilizer factory or dump shed, mill or acidulating building or storage warehouse and/or acid chamber building, or (b) in a standard reinforced concrete building outside of said building, or (c) in a standard brick building, or in a standard all-metal building not nearer than 20 feet, or (d) in a frame building not nearer than 50 feet.

3. Empty Nitre Bags—(Washed and unwashed) shall not be allowed to be taken into or stored in mill or acidulating building, fertilizer factory or dump shed, or into acid chamber building, storage warehouse or in magazine inside of any building, except as specified in next paragraph, but must be kept and stored in a special building, distant at least 40 feet from any of said buildings.

Empty nitre bags may, however, be washed at acid chamber group on the sole condition that not more than 100 bags will at any one time be carried to and immediately placed in washing tank, and after washing be removed immediately to a safe distance from all main buildings to dry out, and as soon as dried, the bags to be immediately stored in "empty nitre bag house."

Permission granted:

1. To make ordinary alterations, additions, and any repairs needed, but it is understood and agreed that extraordinary alterations or additions are prohibited without notice to and consent of this Company in writing. (2) To work at night when necessary. (3) For present and other occupancies not more hazardous and to do such work and to keep and use such materials as are usual in such occupancies, but it is warranted by the assured that materials more hazardous than those named in warranty shall not be kept on the premises, unless specific permission for the use of such other materials is endorsed hereon. (4) To cease operation during the usual vacations incident to their business on the express conditions as follows: (a) That all private fire protection, for which credit is given in the rating on the within named property, will be kept in good conditions and complete working order, it being understood that the maintenance of steam pressure in boilers for operating fire-pumps is not required if there is a city connection of standard size and pressure, or a tank of standard capacity and elevation as a source of water supply in addition to the supply from fire-pumps, but the boilers for operating fire-pumps will be kept filled with water to the proper level and fuel properly laid in boiler furnaces ready to be fired for quick steaming of boilers at all times during usual vacations. (b) That a watchman with an approved watch-clock will be on duty day and night during the usual vacations, it being understood that, between manufacturing periods when employees, other than office employees, are regularly working on premises, plant is not considered "shut down and not in operation" as to watchman's service, and in such cases day watchman is not required. (5) To generate and/or use electricity for lights and power when the electrical equipment is in full compliance with the "National Electrical Code."

(Attach Fire Protection Lightning and Dynamo and Standard Time Clauses and usually the 80 per cent Coinsurance Clause.,

FERTILIZER RISKS, STOCK FORM

$....On stock of fertilizers, manufactured, unmanufactured and in process of manufacture, sulphuric acid, material of all kinds used in the manufacture of fertilizers, including empty bags, twine and tags, their own or held by them in trust or on commission, or sold but not removed, only while contained in the building known as.....

(Attach same clauses as in preceding form Coinsurance Clause required.)

DIVISION IX

MISCELLANEOUS NON-MANUFACTURING

There are many classes of property that are not customarily grouped as mercantile or as manufacturing risks, for which it is usual to draw special forms; a few are given for illustration.

The permits and clauses to be attached to such forms are those applicable generally, together with such as may seem desirable or necessary to meet the particular needs of each separate risk, or those required locally.

COAL MINING PLANT FORM

(Uniformity West)

This policy being for $...., covers its pro rata proportion of and on the following amounts and items:

*1 $....On the.....roof.....tipple building, including all permanent fixtures, approaches and trestles attached thereto, and construction work to a point twenty feet below the level of the ground; mine cars, cages, shear wheels, steel ropes, scales, screens, tipples, hoppers, and all other equipment and appurtenances usual to a coal tipple, all only while contained in or on said tipple building, approaches and trestles.

*2 $....On the.....roof.....fan house building; including foundations and all permanent fixtures belonging to and constituting a part of said building; on engines, pumps, fixed and movable machinery, including foundations, settings, connections, and attachments; dynamos, electrical appliances, apparatus and devices; and all furniture and fixtures, tools, implements, utensils and supplies; all only while contained in said fan house building.

*3 $....On the.....roof.....boiler and engine house building, including foundations and all permanent fixtures belonging to and constituting a part of said building.

*4 $....On engines, boilers, pumps, fixed and movable machinery, including foundations, settings, connections and attachments; dynamos, electrical appliances, apparatus and devices; and all furniture and fixtures, tools, implements, utensils and supplies; all only while contained in the above described boiler and engine house.

*5 $....On the.....roof.....power house building, including foundations and all permanent fixtures belonging to and constituting a part of said building.

*6 $....On engines, pumps, fixed and movable machinery, including foundations, settings, connections and attachments; dynamos, electrical appliances, apparatus and devices; and all furniture and fixtures, tools, implements, utensils and supplies; all only while contained in the above described power house.

Note: Items 3 and 4 to be used only in cases where there is a separate power house aside from boiler and engine house.

*7 $....On the.....roof.....blacksmith and machine shop building, including foundations, stationary forges and all permanent fixtures belonging to and constituting a part of said building.

*8 $....On fixed and movable machines and machinery, including foundations, settings, connections and attachments; electrical appliances, apparatus and devices; portable forges, bellows and all furniture and fixtures, tools, implements, utensils and supplies; all only while contained in the above described blacksmith and machine shop.

*9 $....On the.....roof....stable building, including foundations and all permanent fixtures belonging to and constituting a part of said building.

*10 $....On horses and mules; in case of loss this company will not be liable for more than (or in case of other insurance for more than its pro rata proportion of) $250 on any one horse or any one mule, nor in any case for more than the actual cash value of the animal damaged or destroyed; vehicles (excluding automobiles and motorcycles), harness, blankets, tools, implements, hay, grain and feed; all only while contained in the above described stable.

*11 $....On the.....roof.....office building, including foundations and all permanent fixtures belonging to and constituting a part of said building.

*12 $....On office furniture, fixtures and supplies, desks, safes, typewriters, stoves, tools, implements and utensils; all only while contained in the above described office building.

*13 $....On.....

$....Total Insurance. Average Premium Per M. $....

All of the above described property being situated..... .....State of Illinois.

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

Other insurance permitted.

Permission granted to operate at night later than ten (10) o'clock p.m.

Permission granted to cease operations for not exceeding thirty (30) days at any one time.

(Attach Mechanic's Permit, Work and Materials, Lightning and Dynamo and other usual clauses.)

BITUMINOUS COAL FORM

$....On bituminous coal (except bituminous slack or screenings); and provided the assured is legally liable therefor, this item shall also cover such coal held in trust or on commission, or sold but not delivered, only while piled outside of building, free and clear of any slack or screenings, located on premises known as .....and on railroad cars within 100 feet thereof, situated .....

The steel or other hoisting apparatus on said premises is required to be moved and kept at least one hundred (100) feet from any frame covered or enclosed structure except loading pockets. when such hoisting apparatus is not in use.

EXEMPTION CLAUSE:

1. In consideration of the acceptance by the insured of a reduction from the established rate of.....to.....it is expressly stipulated and made a condition of this insurance that this company shall not be liable under this policy unless the loss or damage to the property insured exceeds the value of.....tons of bituminous coal (excluding screenings) in one fire, and then only for loss or damage in excess of said amount.

2. The value exempted above shall be based on the average value of bituminous coal (excluding screenings) comprising the property insured, or if same is separated as defined in paragraph 3, the division or pile in which the loss or damage occurs, at time of discovery of the fire. Such average value shall be computed by multiplying the number of tons of each kind or grade of coal (excluding screenings) by its value per ton and dividing the sum of the results by the total number of tons.

3. "On Fire" is hereby defined as a continuous period during which combustion exists in a coal pile separated from other coal piles by space or separated by coal piled not more than four (4) feet deep.

4. Should the property insured consist of two or more coal piles, separated from each other as above, the above conditions shall apply to each pile separately.

5. It is made a further condition of this insurance that the application of this exemption clause shall be based upon actual conditions at the time of the discovery of the fire, and that if coal is so piled in relation to the pile in which fire has been discovered, subsequent to such discovery, that such pile is made continuous with another pile or piles, all such piles shall still be considered separate piles for the purpose of applying the conditions of this exemption clause.

(Attach usual clauses including Lightning, Coinsurance and Distribution.)

DOCK OR TERMINAL COMPANY'S FORM

$....On goods, wares and merchandise of every description, belonging to other parties in whole or in part, for which the insured is liable by reason of mistakes, omissions, inability or neglect on the part of the said insured, while contained in or on all the buildings owned, occupied or operated by them, situate on or near .....also in and on the piers, wharves, yards, streets, sheds and bulkheads adjacent thereto.

It is understood and agreed that the liability of this insurance company under this policy is limited to.....($.....) for loss resulting from any one fire and that no other insurance is to be considered contributing unless it be under a form concurrent with this policy.

Privilege to do such work and to use such materials as are usual in the business of warehousemen, common carriers, freighters and forwarders, and to transport and handle such merchandise and other property as may be usual in the business of Steamship Companies, Railroads, Common Carriers, Forwarders and Warehousemen.

It is understood and agreed that Motor Vehicles are allowed on the above described premises.

(Attach other usual or required clauses.)

LUMBER FORM

(Tonawanda)

$....On lumber, timber, lath, shingles, pickets, posts, and all other stock in their line of trade, including lumber yard fixtures and equipment consisting principally of foundations, roadways, trucks, sleighs, piling strips and coverings, the property of the insured; and on the interest of the insured in and (or) legal liability for similar property belonging in whole or in part to

others and held by the insured either sold but not removed; on storage or for repairs, or otherwise held; all while contained on their leased yards and dock or on vessels tied at dock of assured and on streets adjoining also in sheds or in cars on switches, or side tracks when such cars on premises described as follows: situate.....

It is understood and agreed that this policy does not cover lumber in or on vessels until marine insurance thereon ceases.

Other concurrent insurance permitted.

Clear Space Clause attached.

.....per cent Coinsurance Clause.

(Add other usual or required clauses.)

LUMBER FORM (RETAIL)

(Uniformity West)

$....On office building, warehouses, stables, sheds and fences; and on lumber, lath, shingles, pickets, posts, timbers, sash doors, blinds, mouldings, window glass, nails, mixed and dry paints, lime, hair, cement, coal, wire, plaster, building paper, builders' hardware, and such other merchandise as is usually kept for sale in retail lumber yards; and, provided the assured is legally liable therefor, this item shall also cover such merchandise held in trust, or on commission, or sold but not delivered; on tools, implements, utensils, scales, harness, feed and vehicles (excluding automobiles, motorcycles and gasoline trucks), on horses and mules (in case of loss this company will not be liable for more than (or in case of other insurance for more than its pro rata proportion of) $250 on any one horse or any one mule, nor in any case for more than the actual cash value of the animal damaged or destroyed); on office furniture and fixtures, stationery, office supplies and safe; all only while contained in assured's buildings and yard, or in cars in assured's yard or within 100 feet thereof, situated.....

If this form is attached to a fire policy this company assumes liability for loss on horses and mules by lightning, while on or off the premises.

(Attach usual and required clauses.)

LUMBER FORM (OTHER THAN RETAIL)

(Uniformity West)

$....On lumber, lath, shingles, poles, posts, ties, slabs and other timber products; and, provided the assured is legally liable therefor, this item shall also cover such products held in trust, or on

commission, or sold but not delivered; all only while on..... yard situated.....; also in cars on the premises above described or within 100 feet thereof.

Other insurance permitted.

It is a condition of this insurance that this policy shall also cover on tramways, if the property of the assured; provided, however, that the liability of this company shall extend only to such portions of said tramways as are within the limits of the within described lumber yard, and in no event shall this company be liable for any part of said tramways that may be within the clear space maintained between the within described lumber yard and any woodworking or manufacturing establishment or dry kiln.

Clear Space Clause

It is made a condition of this insurance that a continuous clear space of not less than.....feet shall at all times hereafter be maintained between the property herein described and any woodworking or manufacturing establishment, or dry kiln; and that said space shall not be used for the handling or piling of lumber thereon for any purpose (tramways upon which lumber is not piled alone being excepted); but this shall not be construed to prohibit loading or unloading within, or the transportation of lumber or timber products across such clear space.

Should the property hereby insured be or become separated fifty (50) feet or more, by streets, roadways, alleys, water spaces or other spaces (*not commonly used for piling ground or temporarily vacant*), then this policy is subject to the conditions of the following Average Clause:

Average Clause

It is understood and agreed that the amount insured by this policy shall attach in each of the above named premises, in that proportion to the whole amount insured that the value of property covered by this policy, contained in each of said places, shall bear to the value of such property contained in all of the above named premises.

In some localities a reduction in rate is made where a certain percentage of lumber in yard is hardwood, the following clause being attached to policy:

HARDWOOD LUMBER YARD CLAUSE

In consideration of a reduced rate of premium, it is made a condition of this insurance, that the lumber contained in the within described lumber yard is not less than....per cent hardwood, and that not less than....per cent hardwood lumber shall be kept in said yard during the life of this policy.

OIL TANK AND CONTENTS FORM

(Uniformity West)

(Steel or Wood Construction)

*1 $....On.....barrel.....state whether farm, working or flow tanks.....tanks of.....construction, being not exceeding $....on each tank, known, numbered, and situated as follows:.....

*2 $....On crude petroleum and/or its products, being not exceeding $....on contents of each tank described above.

This insurance shall also cover, provided the assured is legally liable therefor, property described in this policy, held in trust, or on commission, or on joint account with others, or sold but not delivered.

*No insurance attaches under any of above items unless a certain amount is specified and inserted in blank immediately preceding the item.

Other insurance permitted.

This company shall not be liable for more than its pro rata proportion of any loss under this policy, and the aggregate claim against this company, under all of its policies, regardless of where issued, covering above described property, shall not exceed $.... on any one tank and/or its contents.

In event of claim for loss or damage to crude petroleum, the basis of settlement shall be the posted market price thereof on the date of the fire, plus the gathering and pipe line charges, plus premium value actually paid, to include also, where crude petroleum is delivered to assured in railroad tank cars, loading, unloading and freight charges; and in event of claim for loss or damage to petroleum products the basis of settlement shall be the market value thereof, at the time and place of loss.

Daily Record Clause

It is made a condition of this insurance: (1) That the assured shall keep a daily report showing a complete record of all crude petroleum and/or its products produced and shipped, and which shall show the amount of crude petroleum and/or its products each day during the term of this policy, in each tank described herein; (2) That the assured shall at all times keep such complete record in some secure place not exposed to a fire which would ignite or destroy any of the oil tanks described herein; (3) That in case of loss the assured shall produce such complete record.

This insurance does not cover cost of excavations and fillings, foundations, underground piping, fittings, conduits and drains.

The validity of this policy shall not be affected if there be a lien, mortgage or bonded indebtedness or if the property is situate on leased ground.

Notice is hereby acknowledged that the assured has waived or may waive its rights of recovery from railroad or transportation companies for any damage by fire occurring to the property described herein or affected thereby.

Wherever in this policy time is referred to, it shall be construed to mean standard time where the property insured hereunder is located.

(Attach Lightning and R. R. C. Clauses.)

OIL DISTRIBUTING (TANK) STATIONS

(For Use on Either Fire or Tornado Policies)

$....On the property hereinafter described, all while located .....used for oil distributing (tank) station purposes only, or for combined oil distributing (tank) and automobile filling and washing and/or greasing station purposes only.

Property Covered by This Policy

The insurance under this policy shall cover on and attach to the following property except as may be hereinafter excluded:

(a) Buildings: On all buildings, including foundations, signs and awnings if the property of the owner of the building, porches and canopies, plumbing, electric wiring and stationary heating, lighting, ventilating and refrigerating apparatus and fixtures therein; and on all permanent fixtures, stationary scales and elevators, belonging to and constituting a part of such buildings.

(b) Machinery and Equipment: On fixed and movable machinery of every description; engines, pumps, air compressors, dynamos, motors, electrical machinery, apparatus, appliances and devices, including their settings, connections, attachments and appurtenances; measuring and weighing apparatus including all appliances used in connection therewith; tanks located above the surface of the ground including piping and connections; tanks located beneath the surface of the ground including piping and connections both above and below ground; metal smoke stacks, radio equipment, flag poles and ornamental structures including electrical appliances used in connection therewith; fences; greasing and/or washing frames and racks; hose; fire extinguishing appliances; fuel; tools, implements and utensils; office furniture, fixtures and supplies, including safes, typewriters, cash registers, printed books and advertising matter; and pictures, paintings, engravings and their frames.

(c) Stock: in greases; oils; gasoline, kerosene and other products of petroleum; benzol; alcohol and anti-freezing solutions; cleaning

and polishing materials; automobile tires and tubes; and such other merchandise not hereinafter specifically excluded from coverage as is usually kept for sale in oil distributing (tank) stations or combined oil distributing (tank) and automobile filling and washing and/or greasing stations, including the contents of tanks located both above and below the surface of the ground; and, provided the insured is liable therefor, this policy shall cover similar merchandise held in trust or on commission, or sold but not delivered.

(d) This policy shall also cover the above described personal property within one hundred (100) feet of the premises described herein while on sidewalks, streets, alleys, yards, detached platforms and in or on vehicles or railroad cars; also while on platforms in contact with said buildings.

PROPERTY NOT COVERED BY THIS POLICY

The insurance under this policy shall not cover on or attach to the following property:

(a) Oil distributing (tank) stations or contents or combined oil distributing (tank) and automobile filling and washing and/or greasing stations or contents at which any manufacturing or processing is done by power machinery (except pumping operations) nor at which mixing, compounding, dehydrating or treating of oils or greases is done in heated receptacles in any building or platforms attached thereto.

(b) Oil distributing (tank) stations or contents or combined oil distributing (tank) and automobile filling and washing and/or greasing stations or contents on the premises of an oil refinery.

(c) Buildings or contents of buildings used in whole or in part for the storage or repairing of automobiles, motorcycles or motor vehicles or parts thereof if such vehicles or parts thereof are the property of other than the insured.

(d) Buildings or contents of buildings occupied in whole or in part as restaurants, lunch rooms or buildings or contents of buildings in which cooking of any description is done.

(e) Automobiles, motorcycles and motor vehicles.

(f) Brick, stone or concrete foundations of buildings which are below the under surface of the lowest basement floor or if there is no basement, which are below the surface of the ground inside the foundation walls of the building; brick, stone or concrete foundations of engines and machinery which are below the surface of the ground; cost of excavations; architect's fees; underground flues or drains.

(g) Radio equipment on the outside of buildings, awnings and metal smoke stacks are not covered when this form is attached to a tornado policy.

Other insurance permitted.

Permission granted for the premises described in this policy to be and remain vacant for a period not exceeding sixty (60) days at any one time.

(Attach M. P.; Inherent Explosion; Work and Materials and Lightning Clauses.)

AUTOMOBILE FILLING STATIONS

(For Use on Either Fire or Tornado Policies)

$....On the property hereinafter described, all while located .....used for automobile filling station purposes only, or for combined automobile filling and washing and/or greasing station purposes only.

PROPERTY COVERED BY THIS POLICY

The insurance under this policy shall cover on and attach to the following property except as may be hereinafter excluded:

(a) Buildings: On all buildings, including foundations, signs and awnings if the property of the owner of the building, porches and canopies, plumbing, electric wiring and stationary heating, lighting, ventilating and refrigerating apparatus and fixtures therein; and on all permanent fixtures, stationary scales and elevators, belonging to and constituting a part of such buildings.

(b) Machinery and Equipment: On fixed and movable machinery of every description; engines, pumps, air compressors, dynamos, motors, electrical machinery, apparatus, appliances and devices, including their settings, connections, attachments and appurtenances; measuring and weighing apparatus including all appliances used in connection therewith; tanks located above the surface of the ground including piping and connections; tanks located beneath the surface of the ground including piping and connections both above and below ground; metal smoke stacks, radio equipment, flag poles and ornamental structures including electrical appliances used in connection therewith; fences; greasing and/or washing frames and racks; hose; fire extinguishing appliances; fuel; tools, implements and utensils; office furniture, fixtures and supplies, including safes, typewriters, cash registers, printed books and advertising matter; and pictures, paintings, engravings and their frames.

(c) Stock: On greases; oils; gasoline, kerosene and other products of petroleum; benzol; alcohol and anti-freezing solutions; cleaning and polishing materials; automobile tires and tubes; and such other merchandise not hereinafter specifically excluded from coverage as is usually kept for sale in automobile filling stations or combined automobile filling and washing and/or greasing stations, including the contents of tanks located both above and be-

low the surface of the ground; and, provided the insured is liable therefor and unless hereinafter specifically excluded from coverage, merchandise held in trust or on commission, or sold but not delivered; PROVIDED, however, that in the event of fire, this company shall not be liable for a greater amount than ONE HUNDRED DOLLARS ($100.00) or if there be other insurance, for more than its pro rata proportion of ONE HUNDRED DOLLARS ($100.00) at any one of the locations named in this policy for any loss on merchandise other than greases, oils, gasoline, kerosene or other products of petroleum; benzol; alcohol and anti-freezing solutions; cleaning and polishing materials and their containers; and automobile tires and tubes.

PROPERTY NOT COVERED BY THIS POLICY

The insurance under this policy shall not cover on or attach to the following property:

(a) Buildings or contents of buildings used in whole or in part for the storage or repairing of automobiles, motorcycles or motor vehicles of any description.

(b) Buildings or contents of buildings used in whole or in part for the repair of tires for motor vehicles or for the repair, adjustment or installation of electric batteries.

(c) Buildings or contents of buildings used in whole or in part or located on the premises of any station designed for the wholesale distribution of greases, oils, gasoline, kerosene, benzol or similar products or buildings or contents of buildings used in whole or in part or located on the premises of any station designed for the distribution or sale of greases, oils, gasoline, kerosene, benzol or similar products except directly to motor vehicles.

(d) Buildings or contents of buildings occupied in whole or in part as restaurants, lunch rooms or buildings or contents of buildings in which cooking of any description is done.

(e) Tanks and contents of tanks located on the premises of any station designed for the wholesale distribution of greases, oils, gasoline, kerosene, benzol or similar products or tanks and their contents located on the premises of any station designed for the distribution or sale of greases, oils, gasoline, kerosene, benzol or similar products except directly to motor vehicles.

(f) Buildings or contents of buildings not designed primarily for the distribution of greases (except buildings or contents of buildings used only for greasing and/or washing motor vehicles in connection with Automobile filling stations), oils, gasoline, kerosene, benzol or similar products directly to motor vehicles or in which the principal occupancy does not consist of such distribution

(g) Foundations below the under surface of the lowest basement floor or if there is no basement, below the surface of the ground inside the foundation walls of the building; foundations of engines and machinery below ground level; cost of excavations; architect's fees; sidewalks; curbing and underground flues or drains.

(h) Radio equipment on the outside of buildings, awnings and metal smoke stacks are not covered when this form it attached to a tornado policy.

(i) In an amount exceeding ONE HUNDRED DOLLARS ($100.00) or if there be other insurance, a pro rata proportion of ONE HUNDRED DOLLARS ($100.00) at any one of the locations described in this policy, on merchandise other than greases; oils; gasoline, kerosene and other products of petroleum; benzol; alcohol and anti-freezing solutions; cleaning and polishing materials; and automobile tires and tubes.

(Attach O. I. P. Mechanics Permit, Inherent Explosion and other clauses.)

ELECTRIC POWER PLANT FORM

(Illustration)

This policy for $....covers pro rata on each of the following items, aggregating.....to wit:

1. $....On the.....concrete building, occupied as an electric light and power station, including additions and permanent fixtures, but excluding all foundations below the level of the basement floors; and on the contents thereof, consisting of steam boilers and settings, funnels, stacks, coal bunkers and other appurtenances, pumps, piping fixtures, tools and all apparatus pertaining to boilers; steam turbines, motors and their settings, belting, shafting, pulleys, hangers, and all apparatus pertaining to motive power; dynamos of all descriptions, regulators, and other devices belonging thereto; all other electrical and non-electrical fixtures, apparatus and devices and all tools, furniture supplies, materials, signs, awnings, pictures and frames, drawings, plans and other property not hereinbefore specified used in its business.

2. $....On Coal Crusher and Conveyor.

3. $....On Water Tank.

4. $....On Coal Wharf and Coal Runway, and

5. $....On Bulkheads, situate..... All of the above described property situated in the approximate vicinity of.....

It is hereby understood and agreed that this policy does not attach on any property the title to which in part or as a whole is not vested in this Company if same is specifically insured in form different to the above, or on the said property until the specific insurance thereon is cancelled.

This policy does not cover any loss on coal caused by spontaneous combustion of such coal.

Permission granted for the use of the above described premises for any purposes incidental to its business, for them to remain vacant and unoccupied; to let portions of them for purposes not more hazardous; to make alterations, additions, and repairs; to operate all night; to cease operations as occasion or necessity may require; but not to exceed ninety (90) consecutive days; to keep and use such articles and oils as may be deemed necessary or as may be incidental to its business or that of its tenants, but not to exceed five gallons of gasoline, benzine or naphtha in any building except the oil house.

The failure of the assured to comply with the conditions of this policy under any item shall not prejudice their right to recover a loss under any other item.

The validity of this policy shall not be questioned because of any mortgage that is now in force or that may hereafter be effected upon the property, that is not endorsed hereon.

Loss, if any, payable to the.....Trust Company, Trustee, Mortgagee, as interest may appear subject nevertheless to all the conditions of the policy.

(Attach O. I. P. Lightning and Dynamo, Coinsurance and other clauses.)

ELECTRIC LIGHT AND POWER PLANT FORM

(*Uniformity West*)

*1 $....On the.....story.....roof....building, including foundations, plumbing, electric wiring and stationary heating, lighting and ventilating apparatus and fixtures therein, other than those used for generating electricity; boilers; also all permanent fixtures belonging to and constituting a part of said building; occupied as an electric light plant and (or) power house, situated.....

*2 $....On fixed and movable machinery of every description, engines, pumps, dynamos, exciters, motors, including their settings, connections, attachments and appurtenances; lamps, switches, wire and other electrical appliances; hose and other fire extinguishing appliances; signs and awnings (signs and awnings covered under fire policies only); furniture, fixtures, tools, implements, utensils and supplies; all only while contained in, or attached to, the above described building.

*4 $....On.....

*5 $....On.....

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

(Attach usual clauses.)

ELECTRIC LIGHT AND POWER STATIONS

(Buildings and Machinery and other Articles subject to Conditions of 80 Per Cent Coinsurance Clause)

(*S. E. U. A.*)

.....Electric Light and/or Power Station, situate.....

This policy covers to the extent of $...., being pro rata of each of the following items:

(It is understood and agreed, however, that no part of this insurance attaches or applies to any building or buildings listed below, nor to their contents, except where a specific amount is placed opposite such building, and then applies specifically to buildings and/or contents only in the sum set opposite each such building.)

$....On Buildings and Connections, including Stacks, Plumbing and Piping.

$....On Machines and Machinery, other than Electrical Appurtenances and Appliances, Boilers, Engines and Pumps, including all connections, Implements, Tools, Utensils, Fire Extinguishing Apparatus, Office Furniture, Furnishings and Fixtures, Iron Safes, Printing and Writing Machines, Stationery Supplies, and all material and extra parts, only while contained in building or buildings specified below.

$....On Dynamos, Exciters, Motors, Transformers, Lamps, Switches, Wire and all other Electrical Machinery, Appliances, Appurtenances or Devices, only while contained in building or buildings specified below.

DESCRIPTION	Amt. Insured on Buildings, Etc., Per 1st Item	Amt. Insured on Machinery, Etc., Per 2d Item	Amt. Insured on Electrical Machinery, Etc., Per 3d Item
On the.....story.....building.....roof known as.....building	.....	.....	.....
On the.....story.....building.....roof known as.....building	.....	.....	.....
On the.....story.....building.....roof known as.....building	.....	.....	.....
On the.....story.....building.....roof known as.....building	.....	.....	.....
On the.....story.....building.....roof	.....	.....	.....

This insurance is effected subject to the following conditions, which are hereby made warranties by the assured, and are accepted as parts of this contract:

Permission granted for use of Central Oiling System, or to keep not exceeding three (3) barrels of lubricating oils in standard cabinets inside above described buildings; otherwise not exceeding one day's supply shall be permitted therein.

(Attach 80 per cent Coinsurance, Lightning and Dynamo, Fire Protection and Standard Time Clauses.)

ICE AND ELECTRIC LIGHT PLANTS

(Buildings and Machinery)

(*S. E. U. A.*)

Name.....situate.....

This policy covers to the extent of $....being pro rata of each of the following items:

(It is understood and agreed, however, that no part of this insurance attaches or applies to any building or buildings listed below, nor to their contents, except where a specific amount is placed opposite such building, and then applies specifically to buildings and/or contents only in the sum set opposite each such building or contents item.)

(1) $....On.....story.....building.....roof..... situate.....and occupied as an electric light and ice plant, designated as main building.

(2) $....On Machines and Machinery, other than electrical, appurtenances and appliances, excluding boilers and engines and including pipes, tanks, baths, hoisting apparatus, liquefiers, ammonia tanks and their contents, pumps other than boiler, feed and/or fire, including all connections and millwright work, implements, tools, utensils, fire extinguishing apparatus, office furniture, furnishings and fixtures, iron safes, printing and writing machines, stationery supplies and all material and extra parts and materials required and used in the manufacture of ice for generating of electric light and/or power not specified in the foregoing and while contained in main building described under item No. 1.

(3) $....On dynamos, exciters, motors, transformers, lamps, switches, wiring and all other electrical machinery, appliances, appurtenances or devices contained in main building described under item No. 1.

(4) $....On the.....story.....building.....roof known as.....building.

(5) $....On the contents of.....building described above under item No. 6, consisting chiefly of.....

(6) $....On the.....story.....building.....roof known as.....building.

(7) $....On boilers, their settings and stacks, engines, boiler feed and/or fire pumps, foundations, and connections, all while contained in.....

(Attach usual clauses.)

STREET RAILWAY GENERAL SCHEDULE FORM

(*Illustration*)

This Policy for $....covers pro rata on each of the following items, aggregating $....to wit:

1. $33,970. On brick, metal-roof building, occupied as an electric light and power station, situate.....

2. $80,415. On electrical machinery, and

3. $156,940. On machinery other than electrical, all while contained in building described under Item No. 1.

4. $7,350. On brick and frame, metal-roof buildings, occupied principally as a storage battery room, and storehouse, situate .....

5. $27,250. On electrical machinery, and

6. $30,500. On machinery other than electrical, all while contained in buildings described under Item No. 4.

7. $1,600. On wooden wharf.

8. $1,095. On brick and frame, metal-roof building, occupied for storage and stable purposes, all situate.....

9. $2,400. On contents, and on horses and mules (in case of loss no one animal to be valued in excess of $200.00), vehicles of all kinds, and parts of same, harness, robes, blankets, whips, and other horse and vehicle furnishings and equipments, stable furniture, tools, implements, hay, grain, feed and straw, all while contained in buildings described under Item No. 8.

10. $47,160. On electrical machinery, and

11. $7,440. On machinery other than electrical, all while contained in.....Station located.....

12. $42,765. On electrical machinery, all while contained in .....Sub-station located.....

13. $12,420. On contents, all while contained in brick, metal-roof building, occupied principally as an office and storeroom, situate.....

14. $800. On corrugated iron and concrete building occupied as a sub-station, situate.....

15. $5,400. On electrical machinery, all while contained in building described under Item No. 14.

16. $14,000. On brick and corrugated iron, metal-roof building, occupied as a repair shop, storeroom, and office, situate.....

17. $7,800. On contents, while contained in building described under Item No. 16.

18. $20,000. On brick and mill construction roof buildings, being $10,000 on each section separated by fire wall, occupied as car barn and shops, situate.....

19. $2,000. On brick and corrugated iron and metal-roof building occupied as barn and shops situate.....

20. $2,000. On corrugated iron building, occupied as a paint shop, situate.....

21. $50. On contents, while contained in building described under Item No. 20.

22. $3,200. On corrugated iron, and metal-roof building, occupied as a power station, situate.....

23. $4,000. On electrical machinery, and

24. $23,800. On machinery, other than electrical, all while contained in building described under Item No. 22.

25. $1,750. On frame metal-roof building, occupied as a waiting station, office, and dwelling situate.....

26. $250. On contents, while contained in building described under Item No. 25.

27. $800. On corrugated iron building, occupied as a car barn, situate.....

28. $282,935. On cars, their own, or held by them, or belonging to others for which they may be liable, while contained in any of the above described buildings, or in any other buildings used for the storage of cars, or adjacent thereto, or on tracks of roads owned or operated by the assured or upon which the assured's cars may be operated.

29. $25,000. On frame, metal and shingle-roof building, occupied as a pavilion, cafe, and theatre, situate.....

30. $1,750. On contents, while contained in building described under Item No. 29.

31. $750. On water tank, including foundations, situate in rear of building described under Item No. 29.

32. $250. On bandstand, situate in rear of building described under Item No. 29.

33. $150. On frame building, occupied as a waiting room, and,

34. $50. On two frame buildings, occupied as car sheds, being $25.00 on each, all situate.....

35. $210. On frame building, as a waiting room, situate.....

36. $50. On frame building, occupied as a waiting room, and car shed, situate.....

37. $700. On frame shed, occupied as a pavilion, and,

38. $400. On frame building, occupied as a club-house and bar, both situate.....

39. $400. On wooden poles, while contained in the vacant lot, situate.....

40. $150. On frame building, occupied as a waiting room, situate.....

The terms, "Building," "Electrical Machinery," "Machinery other than electrical," "Contents," and "Cars," and the specific sums insured thereon in this policy shall cover and apply as follows:

Building: Buildings and additions thereto (excluding foundations), stacks, tanks, scales, transfer and turn tables, coal conveyors, hoisting, heating, lighting and ventilating apparatus (excluding dynamos and engines), partitions, platforms, plumbing, standpipes, hose, gas fixtures and fittings, wiring and lamps, signs, awnings, and all fixtures and fittings attached to buildings.

Electrical Machinery: Dynamos, steam turbines, motors, exciters (excluding foundations), and duplicates and duplicate parts, storage batteries, transformers, converters, switches, and switchboards, switchboard apparatus, cables and all other electrical appurtenances, appliances and connections, except supplies.

Machinery, Other Than Electrical: Fixed and movable machines and machinery (excluding foundations), engines and their appurtenances and attachments, boilers and settings, pumps, heaters, condensers, meters and their connections, appurtenances and attachments, piping, valves, shafting, gearing, belting and all machines, appurtenances, appliances, tools, implements, and utensils, office furniture, and fittings, stationery and safes, and all electrical and non-electrical supplies, materials, and property not otherwise insured used in its business.

Contents: Electrical machinery and machinery other than electrical as above defined.

Cars: Motor cars, trailers, and other cars, car bodies, trucks, motors, fare registers, headlights wiring and equipment of same, sweepers, salters, sprinklers, tower wagons, patrol wagons, and all vehicles of every description and their appurtenances not specifically insured.

It is hereby understood and agreed that this policy does not attach on any property the title to which, in part or as a whole is not vested in this Company, if same is specifically insured in form different to the above, or on the said property until the specific insurance thereon is cancelled.

Other insurance permitted without notice until requested.

Permission granted for the use of the above described premises for any purpose incidental to its business, for them to remain vacant and unoccupied; to let them for purposes not more hazardous; to make alterations, additions and repairs; to operate all night; to cease operations as occasion or necessity may require but not to exceed ninety (90) consecutive days; to keep and use such articles and oils as may be deemed necessary or as may be incidental to its business or that of its tenants, but not to exceed five gallons of gasoline, benzine or naphtha in any building except the oil house.

Notice acknowledged that the.....Power Station insured under Items 1, 2 and 3 and the.....Power Station under Items 22, 23 and 24 are not operated except in case of emergency, which fact shall not prejudice this Insurance.

Notice is hereby accepted that $19,050 of electrical machinery insured under Item No. 12 of this policy is owned by the..... Company, and leased to the.....Company for operating purposes, and loss, if any, under that portion of this item is payable to the.....Trust Company, Trustee, Mortgagee, as its interest may appear, subject to conditions of this policy.

This policy shall cover any direct loss or damage caused by Lightning (meaning thereby the commonly accepted use of the term "Lightning" and in no case to include loss or damage by cyclone, tornado or windstorm), not exceeding the sum insured nor the interest of the insured in the property, and subject in all other respects to the terms and conditions of this policy, provided, however, that if there shall be any other insurance on said property, this Company shall be liable only pro rata with such other insurance for any direct loss by Lightning, whether such other insurance be against direct loss by Lightning or not; and provided further that, if dynamos, wiring, lamps, motors, switches, or other electrical appliances, or devices are insured by this policy, this Company shall not be liable for any loss or damage to such property resulting from any electrical injury or disturbance, whether from artificial or natural causes, unless fire ensues, and then for the loss by fire only.

It is a part of the consideration of this policy, and the basis upon which the rate of premium is fixed, that the assured shall maintain insurance on the property described under Items Nos. 1, 3, 4, 6, 7, 8, 9, 11, 13, 14, 16, 17, 18, 19, 20, 21, 22, 24, 25, 26 and 27 to the extent of eighty (80) per cent of the actual cash value thereof; and on property described under Items Nos. 2, 5, 10, 12, 15, 23 and 28 to the extent of the full cash value thereof, and on property described under Items Nos. 29 to 40, inclusive, to the extent of seventy-five (75) per cent of the actual cash value

thereof; and failing so to do, the assured shall be an insurer to the extent of such deficit, and in that event shall bear a proportion of any loss. This clause shall apply to each of the Items above described separately.

The failure of the Assured to comply with the conditions of this policy under any item shall not prejudice their right to recover a loss under any other item.

The validity of this policy shall not be questioned because of any mortgage that is now in force or that may hereafter be effected upon the property that is not endorsed hereon.

Loss, if any, payable to the.....Trust Company, Trustee, Mortgagee, as its interest may appear, subject to conditions of this policy.

AUTOMOBILE GARAGE FORM (1939)

* 1 $.....On the.....story.....roof.....building, including plumbing, electric wiring, and stationary heating, lighting and ventilating apparatus and fixtures therein; also all permanent fixtures, stationary scales and elevators, belonging to and constituting a part of said building; occupied as a garage and repair shop, situated..... This insurance shall also cover under this item, if the property of owner of building, signs and awnings (awnings covered under fire policies only), door and window screens and storm doors and windows, belonging to the above described building, while attached thereto or stored therein.

* 2 $.....On all fixed and movable machinery of every description incident to the business of a garage and repair shop; electrical apparatus, appliances and devices; hose and other fire extinguishing appliances; machinists' supplies and tools; garage and repair shop furniture and fixtures; signs and awnings (signs and awnings covered under fire policies only and only when property of lessee); office furniture, fixtures, printed books and supplies; pictures, paintings and engravings, including their frames, all at not exceeding cost; counters, shelving, iron safe, typewriters and cash registers; all only while contained in, or attached to, the above described building.

This item shall also cover pumps and underground tanks, including piping and connections both above and below ground, while contained in the above described building or within one hundred (100) feet thereof.

* 3 $.....On stock of merchandise consisting chiefly of..... and such other merchandise as is usually kept for sale in an automobile garage and repair shop; and, provided the insured is legally liable therefor, this item shall also cover such merchandise held in trust, or on commission, or sold but not delivered; all only while contained in the above described building.

This item shall also cover said merchandise within one hundred (100) feet of the above described building while on sidewalks, streets, alleys, yards, detached platforms and in or on vehicles or railway cars; also on said merchandise while on platforms in contact with above described building.

This item shall also cover contents of pumps and underground tanks while contained in the above described building or within one hundred (100) feet thereof.

*4 $.....On .....

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in dollar blank provided therefor in the item.

Permission is granted to manufacture, repair, store and sell automobiles in the building described in this policy.

It is made a condition of this insurance that no claim shall be made for loss or damage to an automobile, any of its parts or equipment, unless such automobile, its parts or equipment, is specifically mentioned as insured under this policy.

(Attach usual clauses.)

BUILDING OCCUPIED AS PUBLIC AUTOMOBILE REPOSITORIES AND GARAGES

(*S. E. U. A.*)

$....On the.....story.....building, with.....roof, including foundations, partitions, and all permanent fixtures attached thereto, while occupied as an automobile repository or garage, situated No.....on the.....side of.....Street. in.....

$....On their fixed and movable machinery, including shafting, belting, hangers, connections, tools, and all appurtenances and appliances necessary to the proper conduct of a public Automobile Garage and Repair Shop, only while contained in the above described building.

$....On.....

$....

This insurance is effected subject to the following conditions, which are hereby made warranties by the assured, and are accepted as part of this contract:

Total insurance permitted warranted concurrent herewith, including this policy, as follows:

$....On Building; $....on Machinery; $....on.....

It is understood and agreed that no insurance in addition is permitted to this policy unless the total insurance, including this policy, is entered in paragraph above.

It is warranted by the assured that no smoking or artificial light other than incandescent electric, or heat other than steam, hot water or hot air, shall be permitted in the same room or rooms adjoining and communicating with that in which the machines are kept, and no repairs requiring the use of artificial heat or open flame shall be made in the building.

It is further warranted by the assured that the cleaning of any automobile or its parts with gasoline or other volatile oils shall not be allowed in any building or buildings in which this policy covers; that the automobile reservoirs for storage of gasoline or other volatile oils shall be filled by daylight or incandescent electric light only, and that at no time shall there be stored any gasoline or other volatile oil in any such building where above named machines are housed exceeding one gallon in the chamber of a measuring or similar pump, except that contained in the machine reservoirs, and that when more than ten gallons of gasoline is kept outside of any such building it shall be under ground or thirty feet removed from insured property. However, the supply tank may be buried not less than two feet underneath the basement floor, with all pipes for filling or ventilating carried outside the building. The term gasoline shall be held to include naphtha, benzine or any of the light products of petroleum by whatever name known.

(Attach usual clauses.)

PUBLIC GARAGE AND REPAIR SHOP FORM

$....On the.....story.....roof.....building, including foundations, plumbing, electric wiring and stationary heating and lighting apparatus and fixtures; also all permanent fixtures, stationary scales and elevators, belonging to and constituting part of said building; occupied as a public garage and repair shop, situated.....

$....On all fixed and movable machinery of every description incident to the business of a garage and repair shop, including electrical apparatus, appliances and devices; hose and other fire extinguishing appliances; machinists' supplies and tools, and factory furniture and fixtures; also on office furniture and fixtures and supplies, counters and shelving, including iron safe, typewriters and cash registers, all only while contained in the above described building.

(Attach usual clauses.)

THEATRE FORM

(*Uniformity West*)

(Including Moving Picture Treatres)

*1 $....On the.....story.....roof.....building, including foundations, plumbing, and stationary heating, hoisting, lighting, ventilating and refrigerating apparatus and fixtures therein; standpipes, outside stairs and ladders; canopies, plate and stained glass; mirrors, wall and ceiling frescoing and decorations; boilers, engines, and electrical apparatus with all their connections and appurtenances (except motion picture and projecting machines, sound equipment and electrically operated musical instruments not specifically named in this item); fixed seatings, fire curtains, galleries, chandeliers, gas fixtures, and all permanent fixtures including organ with operating motor, belonging to and constituting a part of said building; occupied in whole or in part as a theatre, situated.....

This insurance shall also cover under this item, if the property of owner of building, signs and awnings (awnings covered under fire policies only), door and window screens and storm doors and windows, belonging to above described building, while attached thereto or stored therein.

*2 $....On furniture and fixtures (excluding moving picture or projecting machines and attachments and sound equipment), useful and ornamental, including wings, flats, flies, scenes, set pieces, canvas, upholstery, drop curtains; mirrors, pictures, paintings, engravings, including their frames, statuary and sculpture; pianos and other musical instruments (excluding organ with operating motor); carpenters' and mechanics' work; hose, fire extinguishers and fire apparatus; implements and tools; signs and awnings (signs and awnings covered under fire policies only and only when property of lessee); dressing room furniture and fixtures; phonographs, graphophones, records, printed books, music and music rolls; floor coverings and all other furniture and fixtures; all not belonging to and constituting a permanent part of the building and only while contained in, or attached to, the above described building.

*3 $....On organ with operating motor, only while contained in the above described building. (Note: When lessee installs.)

*4 $....On assured's interest in improvements to the building, consisting chiefly of....., all only while contained in, or attached to, the above described building.

*5 $....On moving picture or projecting machines and attachments, including sound equipment, only while contained in the above described building.

*6 $....On motion picture booth or projection room not belonging to and constituting a permanent part of the building, only while contained in the above described building.

*7 $....On.....

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

This policy does not cover on moving picture films (unless specified herein), whether in or out of booth.

This policy does not cover any loss or damage to the motion picture or projecting machines, sound equipment and/or other contents of motion picture booths or projection rooms, caused by fire originating within such motion picture booths or projection rooms, unless otherwise provided by endorsement hereon.

(Attach O. I. P., Mechanics, Work and Materials, Lightning and Electrical Clauses.)

MOVING PICTURE THEATRE BUILDING AND FURNITURE AND FIXTURES FORM

.....Moving Picture Theatre, located at.....
This policy covers $.....being pro rata of total insurance

$....On the.....story.....roof building and its additions adjoining and communicating, occupied as.....

$....On Moving Picture Theatre Furniture and Fixtures, including picture machines and appurtenances thereto (except films), all while contained in the above described building.

In no event shall this policy be construed to cover on films, nor will this Company be liable for any loss or damage that may occur to the contents of the picture machine booth from fire originating therein and will be liable only for such loss or damage as may occur to contents of said booth other than films as may result from fire originating at some point outside of the booth itself.

Permission is hereby given to use electricity on the premises herein described for light or power provided the entire installation, including lamps, motors and rheostats, conforms to the requirements of the National Electrical Code (Dynamo Clause).

(Attach other usual clauses.)

TOBACCO PACK BARNS AND TOBACCO IN PACK BARNS

(*S. E. U. A.*)

$....On the.....story, frame,.....roof building, used by .....as a tobacco pack barn for the storage and handling of cured leaf tobacco only; situate on.....farm on the..... side of the.....Road.....miles from....., in..... County, ...

$....On cured leaf tobacco only, while contained in the above described pack barn.

In Event of Any Claim Under This Policy:

No. 1. The assured shall submit a complete statement of all tobacco placed in and/or removed from the building above described and insured under this contract.

No. 2. The average under tobacco cultivation shall be determined, in case it is necessary, by a competent and disinterested surveyor mutually agreed upon by the assured and this Company, and the return of said acreage shall be under affidavit of the surveyor so agreed upon. One-half the expense of any survey shall be borne by each party to this contract.

No. 3. The value, of the leaf tobacco covered by this policy, shall be computed at not more than the average price obtained on the sales of leaf tobacco in public sales warehouses in the town nearest the property insured; said sales to embrace the period of the sales week nearest to the date of the fire and in accordance with the authentic official records of such warehouses. This average price shall be found by dividing the total number of pounds sold into the total amount obtained during said period. From the values thus ascertained shall be deducted the usual cost of stripping, handling, grading, hauling and marketing (including commissions, warehouse charges and auction fees), not expended by the assured at the time of the fire.

In Consideration of the Reduced Rate at Which This Policy is Issued, it is Warranted by the Assured:

(a) That no curing of tobacco by artificial heat will be done in the building above described or in any other building within 100 feet thereof.

(b) Brick-on-Edge, Tile, Cement or Metal Flue Warranty—That the building and additions thereto described in this policy contains no brick-on-edge, tile, cement or metal flue, and, further, that no such flue shall be erected during the term of this policy.

(c) That only closed lanterns and/or electric lights shall be used for lights.

(Attach Noon, three-quarter Value, and Lighting clauses, and limit of Additional Insurance.)

DIVISION X

FIRE POLICIES ON VESSEL PROPERTY

A very considerable amount of the various types of floating craft navigating land locked lakes, rivers and coastwise waters, are covered by fire insurance only and are not insured against general marine perils. Fire insurance on vessels, being more or less an outgrowth of marine insurance, varies considerably in its policy conditions and methods of handling from those customary in fire insurance on stationary property, such as buildings and contents.

Marine insurance on vessels is customarily based on an agreed valuation, and, unless prohibited from so doing by statute or otherwise, fire insurance on vessel property follows this practice. This feature is of prime importance because of the more or less continual change of replacement, repair, or reproduction costs, according to the movements and the conditions and location of the vessel when and where fire occurs, thus differing materially from the more stable or at least less rapidly changing values of property at a fixed location.

There is also the feature of general average involved in the insurance of vessels which does not come into play in fire insurance on shore. The principle of general average is of great antiquity and, expressed simply, means that what is given for the good of all shall be made good by the contribution of all, e. g., if a vessel is in danger and part of her cargo thrown overboard to lighten her, or if she is on fire and part of the cargo and hull is damaged by water in extinguishing the flames the voluntary damage and sacrifices to save the rest of the venture are made good by a contribution from all the interests benefited thereby, which usually are hull, cargo and the freight money at risk. Salvage charges are dealt with in the same way, being apportioned over the interests benefited.

Fire insurance on vessels, therefore, follows to a certain extent the usual marine practice and the contract is expressed by clauses and conditions included in specially

worded forms which are attached as riders to the regular standard fire policy. The following are examples of the clauses and forms:

The Lightning Clause and the Dynamo Clause are usually attached, the following forms being in common use:

LIGHTNING CLAUSE

This policy shall cover any direct loss or damage caused by lightning (meaning thereby the commonly accepted use of the term lightning, and in no case to include loss or damage by cyclone, tornado, or wind-storm), not exceeding the sum insured nor the interest of the insured in the property, and subject in all other respects to the terms and conditions of this policy. Provided, however, that if there shall be any other insurance on said property, this company shall be liable only pro rata with such other insurance for any direct loss by lightning, whether such other insurance be against direct loss by lightning or not.

DYNAMO CLAUSE

This insurance shall not cover any loss or damage to dynamos, exciters, lamps, motors, switches, or any other apparatus for generating, utilizing, testing, regulating, or distributing electricity, caused by electric current, whether artificial or natural.

The Vessel Fire Registry maintains inspectors at the principal ports on the Great Lakes for the purpose of inspecting all vessels applying for registration to see that the rules and requirements necessary to make them eligible are complied with and observed.

THE VESSEL FIRE REGISTER WARRANTY

This is required on policies covering cargo carriers on the Great Lakes, except steel hulls, and reads as follows:

"In consideration of the premium for which this policy is issued, it is expressly warranted by the assured that the rules and requirements of The Vessel Fire Register are and shall be complied with and observed, and that its certificate has been obtained, and it is understood and agreed between the assured and this Company that the violation of said warranty shall render this entire policy void."

GENERAL AVERAGE AND SALVAGE CLAUSE

"It is understood and agreed that this policy also covers salvage claims and general average charges when caused by or arising from fire and for which the vessel insured hereunder shall be legally liable; but in no case shall the aggregate amount to be paid under this policy for loss and/or damage and/or expenses of every nature exceed the amount insured hereunder."

The Electricity Clause is used where required, the form differing in the various parts of the country.

Some form of coinsurance or Percentage Value Clause is usually attached unless the Valuation Clause is used.

In Northern Waters pleasure boats are required to bear the following clause:

"Warranted laid up and out of commission between November 15 and March 15."

The following forms illustrate those in use for insuring the various classes of vessel property:

FIRE POLICY ON VESSELS

(Used for insuring Lighters, Barges, Car Ferries, Pile Drivers, Tow Boats; also on Tug Boats.)

Loss, if any, payable to.....On the.....covering the hull, engines, boilers, machinery, tackle, apparel, boats, furniture, fixtures, appurtenances, equipments, stores, and supplies while on board.

This policy to cover said vessel only while on.....and waters tributary thereto.

If at the time of fire the whole amount of insurance on the property covered by this policy shall be less than eighty (80) per cent of the actual cash value thereof, this company shall, in case of loss or damage, be liable for only such portion of such loss or damage as the amount insured by this policy shall bear to the said eighty (80) per cent of the actual cash value of such property.

If the policy be divided into two or more items, these conditions shall apply to each item separately.

PRIVILEGE to fit out, to do painting, to go on dry dock, to make ordinary alterations and repairs, and to lay up, to use oil or electricity for lights, and to carry such passengers, freight and merchandise as it is permitted by law.

Warranted by the assured that the vessel shall be equipped and navigated according to Law, that no open lights shall be used on board except customary torches in engine and boiler rooms, signal lights and candles when trimming cargo, that coal only (see note at end of form), shall be used as fuel, except when kindling fires, without special permission from this company, and that when the vessel is laid up it shall be moored free from specially hazardous exposure.

(Attach Lightning and Dynamo Clauses.)

The foregoing form is made a valued one by substituting the following clause for the Coinsurance Clause:

It is understood and agreed between the assured and this Company that the value of the property insured hereunder for the purposes of this insurance is $.....and this Company shall not be liable for a greater proportion of any agreed amount of loss or damage than the amount of this policy bears to the above expressed valuation. Warranted by the assured that the total amount of insurance against fire on this property insured hereunder shall not exceed $.....and permission is herewith given to carry that amount, including this policy.

Note: Where driven by oil burning instead of coal burning engines, the coal fuel warranty is eliminated and the following used:

Privilege to use Internal combustion oil engine and one gasoline engine and to keep on board oil and gasoline for use therein, the supply of gasoline being limited to not exceeding ten gallons at any one time. Any gasoline outside of the motor and its connections to be kept in a closed, air-tight and free from leak metal container.

FIRE POLICY ON DREDGES, CONTRACTOR'S PLANT, ETC.

Loss, if any, payable to.....On the.....covering the hull, engines, boilers, machinery, tools, tackle, apparel, boats, furniture, fixtures, appurtenances, equipments, stores, and supplies, while on board.

This policy to cover said vessel only while on.....and waters tributary thereto.

If at the time of fire the whole amount of insurance on the property covered by this policy shall be less than eighty (80) per cent of the actual cash value thereof, this company shall, in case of loss or damage, be liable for only such portion of such loss or damage as the amount insured by this policy shall bear to the said eighty (80) per cent of the actual cash value of such property.

If the policy be divided into two or more items, these conditions shall apply to each item separately.

Privilege to do all work customary for vessels of its kind and trade, to fit out, to do painting, to go on dry dock, to make ordinary alterations and repairs, to lay up, to use kerosene and electricity for lights, and lubricating oils for machinery.

Warranted by the assured that no open lights shall be used on board except customary torches in engine and boiler rooms; that coal only shall be used as fuel, except when kindling fires, without special permission from this company; and that when vessel is laid up it shall be moored free from specially hazardous exposure.

(Attach Lightning and Dynamo Clause.)

The foregoing form is made a valued one by substituting the following clause for the Coinsurance Clause:

It is understood and agreed between the assured and this company that the value of the property insured hereunder for the purposes of this insurance is $....and this company shall not be liable for a greater proportion of any agreed amount of loss or damage than the amount of this policy bears to the above expressed valuation. Warranted by the assured that the total amount of insurance against fire on this property insured hereunder shall not exceed $....and permission is herewith given to carry that amount, including this policy.

FIRE POLICY ON SCOWS AND BARGES

(No Propelling Power)

Privilege to be equipped with hand-power pumps and hoists.
.....

Loss, if any, payable to.....
.....

On the vessel or vessels named herein or in the schedule attached hereto, each vessel regarded as a separate insurance, viz.:

Name and Description of Vessel	Amount Insured.
.....	$.....
.....	$.....
.....	$.....

Covering the hulls, tackle, apparel, boats, furniture, fixtures, appurtenances, equipments, stores, and supplies while on board.

It is understood and agreed that this Policy shall not be liable for loss or damage to tarpaulins or cargo covers unless as a direct result of fire; damage by sparks not to be considered as damage by fire. This company's total liability on any and all tarpaulins and/or cargo covers is hereby limited to not exceeding 10 per cent of the amount of this insurance. This clause shall apply separately to each item of this Policy.

This Policy to cover said vessels only while on.....
.....
and waters tributary thereto.

Privilege to fit out, to do painting, to go on dry dock, to make ordinary alterations and repairs, and to lay up, to use oil for lights, and to carry such passengers, freight and merchandise as permitted by law.

Warranted by the Assured that the vessels shall be equipped and navigated according to law; that no open lights shall be used on board except signal lights, and candles when trimming cargo; that coal only shall be used as fuel, except when kindling fires, without special permission from this company; and that when the vessels are laid up they shall be moored free from specially hazardous exposure.

PERCENTAGE COINSURANCE CLAUSE.—If at the time of fire the whole amount of insurance on the property covered by this Policy shall be less than eighty per cent (80 per cent) of the actual cash value thereof, this company shall in case of loss or damage be liable for only such portion of such loss or damage as the amount insured by this Policy shall bear to the said eighty per cent (80 per cent) of the actual cash value of such property.

LIGHTNING CLAUSE.—This Policy shall cover any direct loss or damage caused by lightning (meaning thereby the commonly accepted use of the term lightning, and in no case to include loss or damage by cyclone, tornado, or wind-storm), not exceeding the sum insured, nor the interest of the insured in the property, and subject in all other respects to the terms and conditions of this Policy. Provided, however, if there shall be any other insurance on said property this Company shall be liable only pro rata with other insurance for any direct loss by lightning, whether such other insurance be against direct loss by lightning or not.

Warranted by the Assured that the said vessel or vessels insured hereunder shall not during the currency of this Policy be engaged in the carrying of City refuse material without previous notice to and consent of this company in writing.

It is understood and agreed that the vessel insured hereunder shall not be equipped with pumping and/or hoisting apparatus other than hand-power without notice to and consent of this company in writing.

FIRE POLICY ON VESSELS

(Used for insuring Cargo Carriers on Great Lakes)

Loss, if any, payable to.....On the.....covering the hull, engines, boilers, machinery, tackle, apparel, boats, furniture, fixtures, appurtenances, equipments, stores, and supplies, while on board.

This policy to cover said vessel only while on.....and waters tributary thereto, against all direct loss or damage by fire. This company shall not be liable for a greater proportion of any agreed or proven amount of loss or damage with proper deduction for depreciation, however caused, than the amount of this policy bears to $....Warranted by the assured that the total amount of insurance

against fire on the property insured hereunder shall not exceed $....and permission is herewith given to carry that amount, including this policy.

In event of loss or damage to the subject of insurance by collision, stranding, leakage, or other peril or causes not covered by this policy, followed by or with which fire is concurrent, then in settlement of said loss by fire, whether the claim be for partial or total loss, this company shall be liable only for the like proportion after deducting the amount of damage so caused by the previous or concurrent cause, and further provided that in no event shall this company be responsible for any part of the expense of taking said vessel to a port or place of repair unless the necessity therefor arises solely from fire, and then only when the cost of such removal has been approved by the representative of this company.

And it is further agreed, in event of total loss, that on payment the insured will, on request, transfer to this company, or as it may direct, the said vessel and all appertaining thereto, so far as covered by this policy, in the proportion which the sum paid hereunder bears to the total amount paid.

PRIVILEGE to fit out, to do painting, to go on dry dock, to make ordinary alterations and repairs, and to lay up, to use oil or electricity for lights, and to carry such passengers, freight, and merchandise as it is permitted by law.

Warranted by the assured that the vessel shall be equipped, manned, and navigated according to law; that no open lights shall be used on board except customary torches in engine and boiler rooms, signal lights, and candles when trimming cargo; that coal only shall be used as fuel, except when kindling fires, without special permission from this company; and that when the vessel is laid up it shall be moored free from specially hazardous exposure.

GENERAL AVERAGE AND SALVAGE CLAUSE.—It is understood and agreed that this policy also covers salvage claims and general average charges when caused by or arising from fire and for which the vessel insured hereunder shall be legally liable, in proportion as the amount insured hereunder bears to the valuation expressed herein.

TOTAL LIMIT OF LIABILITY CLAUSE.—In no case shall the aggregate amount to be paid under this policy for fire and water or other loss, damage, and/or expenses caused by or arising from fire, general average, salvage, and/or removal to port of repair, and all other claims and expenses, exceed the amount insured under this policy.

CHICAGO STANDARD TIME CLAUSE.—Wherever in this policy any mention is made of any hour of the day or night, the same shall refer to Chicago (or Central) Standard Time.

(Attach Lightning and Dynamo Clauses.)

GASOLINE FORM

(Used for insuring Commercial Boats—Gasoline for Power)

Loss, if any, payable to.....On the gasoline boat..... covering the hull, motors, machinery, tackle, apparel, boats, furniture, fixtures, appurtenances, equipment, stores, and supplies while on board.

Warranted by the assured that this vessel be confined to.....

Privilege to haul out and to go out of commission; to go on dry dock and ways; to make ordinary alterations and repairs; to use kerosene, alcohol, and electricity.

Permission to have on board guns and ammunition for saluting and sporting purposes.

Permission is hereby granted to use gasoline or naphtha for generating power only, and to carry same in proper tanks; in consideration for which the assured agree to use due diligence in maintaining free from leak at all times, the tanks, piping, valves, carburetor, and all other parts of the installation, and when the boat is laid up and out of commission, to remove all gasoline or naphtha from the boat.

Privilege to do all work incidental to its trade.

Warranted by the assured that the vessel be equipped and navigated according to law.

(Attach Lightning and Dynamo Clauses.)

GASOLINE YACHT FORM

(Used for insuring Pleasure Boats—Gasoline Power)

.....On the.....covering the hull, motors, machinery, ballast, spars, sails, rigging, blocks, boats, charts, furniture, fittings, fixtures, bedding, cushions, linen, silver and plated ware, crockery, glassware, cooking utensils, provisions and supplies of every description, flags, nautical instruments, and all appurtenances, while on board.

Warranted by the assured that this yacht be confined to.....

Privilege to haul out and to go out of commission; to go on dry dock and ways; to make ordinary alterations and repairs; to use kerosene, alcohol, and electricity.

Permission to have on board guns and ammunition for saluting and sporting purposes.

Permission is hereby granted to use gasoline or naphtha for generating power only, and to carry same in proper tanks; in consideration for which the assured agree to use due diligence in maintaining free from leak at all times, the tanks, piping, valves, carburetor, and all other parts of the installation, and when the boat is laid up and out of commission, to remove all gasoline or naphtha from the boat.

Warranted to be used solely for private pleasure purposes, not to be hired or chartered unless approved and permission endorsed hereon.

It is understood and agreed that not exceeding ten per cent (10 per cent) of this insurance shall apply on movables belonging to this vessel while stored ashore, and when so applying the same amount shall cease to cover on board.

(Attach Lightning and Dynamo Clauses.)

Note: In Northern waters the following clause required: "Warranted laid up and out of commission between November 15 and March 15."

YACHT FORM

(*No Power*)

(Used for insuring Sail Boats, either Pleasure or Commercial)

.....Loss, if any, payable to.....On the.....covering the hull, ballast, spars, sails, rigging, blocks, boats, charts, furniture, fittings, fixtures, bedding, cushions, linen, silver and plated ware, crockery, glassware, cooking utensils, provisions, and supplies of every description, flags, nautical instruments, and all appurtenances, while on board.

This policy to cover only while on.....and waters tributary thereto.

Privilege to lay up either afloat or ashore, to haul out, to go on dry dock, to make ordinary alterations and repairs, to use kerosene for lights, and to carry gunpowder (not exceeding ten pounds) in tin cans for sporting and saluting.

If at the time of fire the whole amount of insurance on the property covered by this policy shall be less than eighty (80) per cent of the actual cash value thereof, this company shall, in case of loss or damage, be liable for only such portion of such loss or damage as the amount insured by this policy shall bear to the said eighty (80) per cent of the actual cash value of such property.

If the policy be divided into two or more items, these conditions shall apply to each item separately.

It is further understood and agreed that $....or....per cent of this insurance shall apply on movables belonging to this vessel while stored ashore at the place where said vessel is laid up, and when so applying shall cease to cover on board.

(Attach Lightning and Dynamo Clauses.)

LAUNCH OR YACHT FORM

(Private)

(*Uniformity West*)

*1 $....On the.....roof.....boat house, situated..... State of.....

*2 $....On the.....power.....named.....(to be used exclusively as a private pleasure boat), her hull, and upper works; boilers, engines, motors, machinery; ballast, spars, sails, rigging blocks, flags; furniture, fittings, fixtures; bedding, cushions, linen; silver and plated ware, crockery, glassware; cooking utensils, provisions and supplies; wearing apparel, watches and jewelry in use; charts and nautical instruments, and all other appurtenances; all while on board said vessel, while contained in the above described boat house or while navigating the waters of.....all inclusive, also all inland waters tributary to above named waters and while laying up or stopping at any place within the above described limits. Any deviation beyond the limits named herein shall render this policy void only during the time the vessel is outside the said limits, and upon the safe return of the vessel within said limits this policy shall re-attach in full force and effect.

*No insurance attaches under any of the above items unless a certain amount is specified and inserted in blank immediately preceding the item.

Privilege to lay up either afloat or ashore; to haul out; to go into dry dock and on ways; to use kerosene or coal stove.

The use of naphtha, gasoline or benzine on board said vessel for any purpose other than propulsion is prohibited under this policy.

There shall be no naphtha, gasoline or benzine on board said vessel, either when laid up and out of Commission or when stored in the above described boat house.

(Attach Permit to keep gasoline in boat house, and Lightning Clause.)

CARGO FORM

Loss if any, payable to.....on cargo of.....owned, or held in trust by the assured, or on commission, or in joint account with others, or sold but not removed, for which the assured may be liable, while contained on board the.....

This policy covers only while vessel is on.....

Coinsurance Clause

If at the time of fire the whole amount of insurance on the property covered by this policy shall be less than.....per cent of the actual cash value thereof, this company shall, in case of loss or damage, be liable for only such portion of such loss or damage as the amount insured by this policy shall bear to the said.....per cent of the actual cash value of such property.

If the policy be divided into two or more items, these conditions shall apply to each item separately.

(Attach Lightning and Dynamo Clauses.)

DIVISION XI

COTTON AND COTTON SEED

Cotton, the great staple of the Southern States, is insured as such in various stages from the time it is picked until it reaches the machines to be made into cloth or other articles. When first picked it is weighed in at the field cotton houses or sheds and then taken to the gin house, being known as seed cotton up to the time it is ginned, since it contains the seed.

The forms given hereafter are to illustrate the wording of the various covers on cotton, gins and cotton seed oil mills and are arranged about in the order in which cotton is handled and insured. The various forms contain references to certain clauses in use and these are printed separately to avoid repetition. Each form shows which clauses are customarily attached. It must be borne in mind that forms and clauses are undergoing more or less constant changes for one cause or another, hence are illustrative of the general character of those used, but must not be taken as the standard or prescribed forms.

The first insurance placed is to cover the cotton during the interval between the time it is picked and the time it is put in the gin house, this being customary on the larger plantations.

There are other forms prescribed in certain States, but those given are typical of the ones in common use.

LOSS PAYABLE (S. E. U. A.)

The property covered by this policy may be pledged without notice as collateral security for loans or advances, but loss, if any, under this policy shall be adjusted with the assured, and is payable only to the assured, or their order, endorsed on or attached to this policy, subject, however, to all the conditions of this policy.

COTTON COINSURANCE CLAUSE (S. E. U. A.)

It is a part of the consideration of this policy, and the basis upon which the rate of premium is fixed, that the assured shall at all times maintain insurance on each item of property insured by this policy of not less than the actual cash value thereof, and

that, failing so to do, the assured shall be an insurer to the extent of such deficit, and in that event shall bear his, her or their proportion of any loss.

COINSURANCE CLAUSE (ARKANSAS)

It is understood and agreed that the assured shall at all times maintain insurance on the property insured by this policy equal to the actual cash value thereof and that failing so to do, the assured shall be an insurer to the extent of such deficit and in that event shall bear his, her or their proportion of any loss on such property; and this company shall be liable for not exceeding such proportion of the loss or damage as the amount insured by this policy shall bear to the actual cash value of such property at the time of fire, in all localities covered by this policy.

It is further understood and agreed that if this policy covers at more than one place or location (and within the meaning of this clause each warehouse, yard or platform is understood to be a separate location), then the whole amount of insurance named herein shall be distributed and apply in each location as the value of the property insured in each location bears to the total value of the property insured in all locations.

The assured under this policy hereby covenants and agrees to keep a set of books, showing a complete daily record of all cotton handled, which record shall include the date at which each bale of cotton covered under this policy was purchased or received, from whom purchased or received, in what compress, warehouse or yard stored, together with the original tag-number or mark thereon, with its weight and classification, and a complete daily record of all shipments or sales, showing to whom shipped or sold, with date of shipment, from what warehouse, compress or yard so shipped, and the original tag-number or marks, weight and classification of each bale and such complete record shall also show all removals from one location covered hereby to any other location, whether covered hereby or not, and in case of loss the assured agrees and covenants to produce such books and records and in the event of failure to produce the same this entire policy shall be null and void.

COINSURANCE CONTRACT (TENNESSEE)

In consideration of the rate at and (or) form under which this policy is written, it is expressly stipulated and made a condition of this contract, that the assured shall at all times maintain contributing insurance on each item of property insured by this policy to the extent of at least one hundred per cent (100%) of

the actual cash value thereof, and that failing to do so, the insured shall be a co-insurer to the extent of such deficit, and in that event shall bear his, her or their proportion of any loss.

COTTON

(Clear Space Warranty for—on River Banks and at Plantations.)

Warranted by the assured that a clear space of 100 feet shall at all times be maintained between the cotton insured (either under cover or in the open) and any gin house or other special hazard.

RECORD WARRANTY (LOUISIANA)

It is warranted that the assured will keep books showing a complete and correct record of all cotton under the protection of this policy, which record shall show weight, location stored, receipts and shipments, and in case of baled cotton the mark or number of each bale; and in case of loss or damage the assured will produce such record for the examination of this company, otherwise this entire policy shall be null and void.

COTTON—RIGHT OF REPLACEMENT NOTICE (LOUISIANA)

Notice is hereby given that in the event of loss under this policy, the company has the right as provided under the printed conditions of this policy to replace with cotton of like kind and quality the cotton that may be damaged or destroyed by fire.

REPLACEMENT CLAUSE (ARKANSAS)

It is understood and agreed that the basis for adjustment of any claim for loss or damage to the property covered by this policy shall not exceed the actual cash value of such property at the time of the loss and at the place of fire, which cash value shall in no event be greater than it would then and there cost to replace the property damaged or destroyed with property of the same kind and quality.

STANDARD TIME CLAUSE (S. E. U. A.)

It is understood and agreed that the word "noon" as used herein, in designating the beginning and ending of the term of insurance, refers to Standard Time at the place where the property is located

COTTON (PROHIBITION OF SMOKING) (S. E. U. A.)

Warranted by the assured that no smoking will be allowed in the warehouse, compress, platform or yard described in the within policy.

COTTON STORAGE WARRANTY

Notice is hereby accepted by the assured that..... Warehouse Company has filed a signed warranty as follows, to-wit:

"Whereas, The rate of insurance on cotton stored in..... in.....is.....cents, provided cotton is not stored or piled over.....bales high on.....and not over.....bales stored in any one compartment or section between fire-walls and that there is a clear space of.....inches maintained between cotton and the automatic sprinklers, and that there is no cotton stored on platforms, in yards or in courts adjoining between the hours of 8 p. m. and 6 a. m., and whereas, this rate of insurance is based upon the fact that the warehouse is equipped with system of automatic sprinklers and the above described method of storing cotton, and has been reduced because of said equipment and methods.

Now, therefore, in order to induce the writing of insurance for ourselves and/or persons storing cotton in our warehouse in..... .....at the reduced rate above mentioned, and in consideration of the premises hereinbefore recited, the undersigned do hereby covenant and agree with each of the several companies who are or may become insurers of property contained in the above described warehouse, that cotton will not be stored contrary to the within described agreement."

If at any time cotton storage conditions in the above warehouse are found at variance with the stipulations of said warranty, the rate at which this policy is written is subject to revision and assured hereby agrees to pay additional premium, if any.

COTTON—MARKS AND NUMBERS

(For Insuring by Marks, Numbers and Amount Per Bale.)

On.....bales of cotton, being a specific insurance of not exceeding $.....on each bale, marked and numbered as follows: .... owned or held by assured in trust, or on commission, or on joint account with others, or sold but not delivered, or upon which advances have been made, all while contained in.....

Other concurrent insurance permitted without notice until required.

Warranty Againt Substitution of Cotton—It is a condition of this contract that this insurance shall cover only the identical bales of cotton bearing the marks and numbers designated in this policy, and situated at the location described herein at the time said policy is issued; and the assured hereby warrants that other bales of cotton will not be substituted for those originally designated, and that it will not be claimed that this policy protects any other bales of cotton identically marked and numbered which may be placed at the locality described herein after the issuance of this policy; and any violation of this warranty shall render this policy null and void.

Loss Payable Clause—The property covered by this policy may be pledged without notice as collateral security for loans or advances, but loss, if any, under this policy shall be adjusted with the assured, and is payable only to the assured or their order endorsed on or attached to this policy.

COTTON GIN FORM (OKLAHOMA)

(*Stock Only*)

$....On cotton ginned and unginned, baled and unbaled, seed cotton, cotton seed, including sacks or packages containing same, and bagging and ties; their own, or held by them in trust, or on commission, or sold but not delivered, or being ginned, or handled for assured's own account, or for the account of others and for which the assured may be liable in case of loss; all only while contained in cotton houses or sheds, seed houses or sheds, and while passing through the cotton gin, and while in wagons on premises, or in gin yard on premises; and, provided bill of lading has not been signed for same, this policy shall also cover such property in and on cars within two hundred feet of gin premises.

All of the above described property being located on premises known as.....gin.....situated.....Town of..... County of.....State of Oklahoma.

Other concurrent insurance permitted.

Permission to make alterations and repairs for not exceeding thirty (30) days at any one time, which shall include the fifteen (15) days granted in printed conditions of Policy.

Permission to use electricity for light, heat and power in the within described premises.

Caution:—See that the entire electrical equipment is installed and maintained in full compliance with the standard requirements of the National Electrical Code, copy of which may be obtained of your insurance agent.

No smoking shall be permitted on the within described premises.

In the event of cancellation by the assured not less than two month's premium shall be retained by the company, at gin house card rates.

Any loss under this Policy that may be proved due the assured shall be payable to the assured and.....

(Attach Ownership, Daily Record, Lightning and R. R. Contribution Clause.)

FOR "ORDINARY" GINS ONLY

1. $....On.....story frame.....roof building, occupied as a Gin House, run by.....power, situate on.....plantation in.....County of..... State of..... about.....
2. $....On Saw Gin Stands therein, not exceeding $..... on each.
3. $....On.....Condensers therein, not exceeding $..... on each.
4. $....On.....Feeders therein, not exceeding $..... on each.
5. $....On.....Gin Gearing, Belting and Shafting therein.
6. $....On.....Cotton Ginned and Unginned therein.
7. $....On.....Cotton Seed therein.
8. $....On.....Engine and Boiler, located.....
9. $....On.....Water-wheel.
10. $....On.....Grist Mill therein.
11. $....On.....Cotton Press, located..... $....

No additional insurance permitted unless the amounts are inserted by agents of this company in the blank spaces noted below:

$....on item No. 1; $....on item No. 2; $....on item No. 3; $....on item No. 4; $....on item No. 5; $....on item No. 6; $....on item No. 7; $....on item No. 8; $....on item No. 9; $....on item No. 10; $....on item No. 11.

Three-fourths value clause attached.

STATEMENTS AND UNDERTAKINGS.—Assured also warrants each of the succeeding clauses in this form and the statements and undertakings therein, and agrees that the breach of any one or more of said statements or undertakings shall render this policy null and void.

Each item or subject of insurance under this policy (other than the building or buildings) is, for the purpose of this contract of insurance, to be treated and considered to mean personal property.

OWNERSHIP AND TITLE.—That the assured is the sole and undisputed owner, absolutely and in fee simple, of the land on which these buildings stand, and it is not mortgaged or leased.

RUNNING OF THE GIN.—That the property hereby insured will be in active operation during the ginning season, and that it is not idle property.

CONDENSERS.—That condensers will be used when gin is in operation.

SMOKING PROHIBITED.—That he does not, and will not, permit smoking in and about the gin house.

NIGHT WORK PROHIBITED.—That the use of artificial light without special permit endorsed on this policy, or the operating or repairing of machinery at night, is absolutely prohibited.

LIGHTS.—When permission for night work is granted, that the use of lights other than closed lanterns, filled by daylight only and outside the building, is prohibited.

BOILER.—That the boiler and smokestack of same is sound and securely braced and rises above the highest point of the roof.

WATER TO BE KEPT.—That an iron-bound barrel and two buckets, each always filled with water, shall be continuously kept within ten feet of each gin stand and press, and in the same room therewith, to be used in case of fire.

COTTON RECORD.—That the assured will keep a book containing a faithful record of all cotton put into and taken from the gin or cotton house, and that such record will be produced in case of loss.

INCENDIARISM.—That so far as assured knows or believes, there are no threats, nor any danger of incendiarism, and that he has no reason to suspect any, and that no such serious disagreement has arisen with employees or tenants of the old force or the present as to produce threats or apprehensions or incendiary danger.

CANCELLATION.—That in the event of cancellation by the assured, not less than six months' premium on gin house and machinery shall be retained by the company, and not less than two month's premium on cotton or seed, at gin house card rates.

MIXED HAZARDS.—That there is no flour mill, saw mill, planing mill, cotton seed oil mill, or any manufacturing risk, except grist mill, connected with the gin house, or within 100 feet thereof.

Special reference being had to assured's application, which is made a warranty and part hereof.

Note.—If used in S. C. or Florida attach valuation clause for buildings.

COTTON GINS (SYSTEM)

(Warranted to Have an Improved System Gin.)

(1) $....On.....story building, built of..... with.....roof, while occupied only as a gin house.

(2) $....On cotton ginning machinery of all kinds in use (excepting engine, boiler and fittings and round bale press), consisting of gin stands, feeders, condensers, dust and lint flues, square bale presses and appurtenances, suction elevator, fan, vacuum boxes, distributors, piping, pulleys, seed blowers, seed feeders, conveyors, shafting, belting, hangers, journals, tools, scales and hose; all only while contained in the above described gin house building.

(3) $....On grist mill contained in above described gin house building.

(4) $....On boiler room, built of....., with.....roof, situated.....feet from the above described gin house.

(5) $....On engine and boiler and settings, pumps, smokestacks and heater only while contained in above described boiler room and/or gin house.

(6) $....On.....story cotton house, built of....., and covered with....., situated.....feet from the above described gin house.

(7) $....On assured's cotton, ginned and unginned, only while contained in said cotton house.

(8) $....On cotton ginned and unginned, held in trust or on commission, for which assured may be liable only while contained in said cotton house.

(9) $....On.....story seed house, built of....., and covered with....., situate.....feet from the above described gin house.

(10) $....On assured's cotton seed only while contained in said seed house.

(11) $....On .....

(12) $....On .....

$....Total.

All of the above described property being situated..... and known as.....in the town of.....county of..... State of.....

Total insurance permitted warranted concurrent herewith, including this policy, as follows:

$....on item No. 1; $....on item No. 2; $....on item No. 3; $....on item No. 4; $....on item No. 5; $....on item No. 6; $....on item No. 7; $....on item No. 8; $....on item No. 9; $...on item No. 10; $...on item No. 11; $...on item No. 12.

It is understood and agreed that no insurance in addition is permitted to this policy unless the total insurance, including this policy, is entered in paragraph above.

This insurance is effected subject to the following conditions which are hereby made warranties by the assured and are accepted as part of this contract:

Three-fourths value clause (applies to items Nos. 1, 2, 3, 4, 5, 6 and 9).

Cotton coinsurance clause (applies to items Nos. 7 and 8).

Eighty per cent coinsurance clause (applies to item No. 10).

STATEMENTS AND UNDERTAKINGS.—Assured warrants each of the succeeding clauses in this form and the statements and undertakings therein, and agrees that the breach of any one or more of said statements or undertakings shall render this policy null and void.

NON-STORAGE OF COTTON.—That cotton shall not be stored in the gin house, except by special permission endorsed hereon, otherwise this policy shall be null and void.

WINDOWS AND OPENINGS TO BE KEPT CLOSED.—That all window and door openings in the gin house shall be securely locked, boarded and/or nailed up during the period when gin is not operating.

OWNERSHIP AND TITLE.—That the assured is the sole and undisputed owner, absolutely in fee simple, of the land on which these buildings stand, unless otherwise stated in writing hereon.

INCENDIARISM.—To the best of the assured's knowledge, information and belief, no threats have been made to burn the property insured hereunder, and he has no reason to believe or suspect any danger from incendiarism. No serious disagreements have arisen with employees, tenants or other persons, and he has no enemies who would probably seek revenge by burning his property.

PROFITABLE.—That the property has been profitable and that assured has every reason to believe that it will so continue.

RUNNING OF THE GIN.—That the gin hereby insured will be in active operation during the ginning season within the life of this policy, and will not be idle during such period.

CLEANED.—That every part of the plant, particularly the gin stands, has been, or will, before beginning of operations, be thoroughly cleaned and shall, during any ginning season, while the policy exists, be kept clean and in good working order.

SMOKING PROHIBITED; ALSO GINNING OF WET COTTON.—The assured does not, and will not, permit smoking on or about the premises, and will not permit the ginning of wet cotton.

ELEVATOR SYSTEM.—That no elevator system shall be used where the cotton passes through the fan.

NIGHT WORK PROHIBITED.—That the use of artificial light, and the operating or repairing of machinery at night, is absolutely prohibited without special permit endorsed on this policy.

BOILER.—That the boiler is stationary and not portable, and smokestack of same is sound and securely braced and rises above the highest point of the roof.

WATER TO BE KEPT.—That one iron-hoop barrel full of salt water and two metal buckets shall be continually kept within ten feet of each gin stand, and in same room therewith, to be used in case of fire.

COTTON RECORD.—That the assured will keep a book containing a faithful record of all cotton put into and taken from the gin or cotton house, and that such record will be produced in case of loss.

MIXED HAZARDS.—That there is no flour mill, saw mill, planing mill, cotton seed oil mill, or any manufacturing risk, except grist mill, connected with the gin house, or within 100 feet thereof, except as stated hereon.

CANCELLATION.—That in event of cancellation by the assured, the Company shall retain not less than six months premium on policies covering buildings and machinery and not less than two months premium on policies covering gin products at Gin Short Rates. Short Rate Table charges applicable to policies covering only on cotton in bales.

Special reference being had to assured's application, which is made a warranty and part hereof.

Standard Time Clause.

COTTON IN BALES ON PLANTATION OR IN COUNTRY

(*S. E. U. A.*)

(With One Hundred Feet Clear Space Clause)

$....On Cotton in bales, owned or held by the assured in trust, or on commission, or on joint account with others, or sold but not delivered, contained in, and/or on premises of.....situate.....

ONE-HUNDRED FEET CLEAR SPACE CLAUSE.—Warranted by assured that a clear space of not less than 100 feet will at all times be maintained between cotton insured hereunder and any Gin House or other special hazard.

Any loss that may be ascertained and proven to be due the assured under this policy, shall be held payable to.....as interest may appear, subject, nevertheless, to all the terms and conditions of this policy.

(Attach Cotton Coinsurance, Lightning and Dynamo Standard Time clauses.)

COTTON—SEED COTTON AND COTTON SEED ON GINNERY PREMISES

$....On Cotton, Ginned and Unginned, Baled and Unbaled, Seed Cotton, Cotton Seed, including sacks or packages containing same, and Bagging and Ties, only while contained in Cotton Houses or Sheds, Seed Houses or Sheds and while passing through the Cotton Ginnery and while in wagons on premises, or on the Ginnery Yard or premises; also in or on cars within two hundred feet of Gin premises. This insurance attaches on cars only when Bill of Lading has not been signed. Their own or held by them in trust or on commission or sold but not delivered, or being ginned or handled for assured's own account, or for the account of others and for which the assured may be liable.

$....On Cotton Seed, including sacks or packages containing same, only while contained in the Seed Houses or Sheds and while in wagons on premises, or on Ginnery Yard or premises; also in or on cars within two hundred feet of Gin premises. This insurance attaches on cars only when Bill of Lading has not been signed. Their own or held by them in trust or on commission or sold but not delivered, or being ginned or handled for assured's own account, or for the account of others and for which the assured may be liable.....

All of the above described property being located on the premises known as.....Ginnery in the town of.....County of .....State of.....

Cotton Coinsurance Clause, applicable to Item No. 1.

Eighty Per Cent Coinsurance Clause, applicable to Item No. 2.

Lighting and Dynamo and Standard Time Clauses.

COTTON—CLOSE WAREHOUSE AND/OR COMPRESS

$....On Cotton in bales, owned or held by the assured in trust, or on commission, or on joint account with others, or sold but not delivered, only while contained in the.....story.....building, with.....roof, situated No.....on the.....side of .....Street, Block No....., known as.....warehouse and/or Compress, in.....

This insurance is effected subject to the following conditions, which are hereby made warranties by the assured, and are accepted as part of this contract:

COTTON—OPEN WAREHOUSE AND/OR COMPRESS

$....On Cotton in bales, owned or held by the assured in trust, or on commission, or on joint account with others, or sold but not delivered, only while contained in the.....story.....building, with.....roof, situated No.....on the.....side of .....Street, Block No....., known as.....Warehouse and/or Compress, in.....

This insurance is effected subject to the following conditions, which are hereby made warranties by the assured, and are accepted as part of this contract:

Warranted by the assured that no cotton will be left outside of sheds or beyond the apron of roof in the court at night or on Sundays and holidays. And at all times, while cotton is being kept or handled in open court, a clear space of not less than eight feet shall be maintained between the cotton in open court and apron of roof.

Cotton Coinsurance and Standard Time Clauses.

COTTON COMPRESS BUILDINGS AND MACHINERY (SPECIFIC)

$....On their.....Compress Building, with.....roof and Cupola, and so much of platforms as are under said roof.

$....On their platforms not covered by said Compress roof.

$....On their Compress, Machinery, Boilers, Smokestacks, Drums, Heaters, Pumps, Water Tanks and all connections, including foundations and settings.

$....On their Compress Tools, Trucks, Scales, Hose, Furniture and Fixtures, Fuel and Supplies. All while contained in the above described building or on premises of Compress Company, situated.....in.....

Full Coinsurance Clause.

Mechanics Permit.

Electric Light and Power Permit.

Lightning and Dynamo Clause.

Cease Operations Permit.

No Smoking Warranty.

Warranty Not to Waive Right to Subrogate.

Standard Time Clause.

COTTON COMPRESS—BLANKET

$....On the Buildings and Structures constituting their entire Plant, used for Compress and Warehouse purposes; and on Compress and other Machinery and their spare parts and repairs; Boilers, Engines, their appurtenances and connections, Smokestacks, Drums, Water Tanks, Pumps, and other power equipment; fire extinguishing apparatus, including hose, automatic sprinkler system, electrical equipment for power and lighting; Office, Com-

press and Warehouse Furniture and Fixtures and Supplies; Trucks, Tools, Scales, Signs, Awnings, Fuel and Supplies used in and with their business; all while contained in buildings or on premises of the Compress Company, situated.....in..... and known as.....

Buildings described above are built of.....with..... roof.

Full Coinsurance Clause.

Electric Light and Power, Mechanics and Cease Operations Permit, Lightning and Dynamo and Standard Time Clauses, "No Smoking" and Waiver of Subrogation Warranties.

COTTON COMPRESS—FOR STATES HAVING VALUED POLICY LAW

$....On the Buildings, Platforms and Structures constituting their entire Plant, used for Compress and Warehouse purposes.

$....On Compress and other Machinery and their spare parts and repairs; Boilers, Engines, appurtenances and connections, Smokestacks, Drums, Water Tanks, Pumps and other equipment; fire extinguishing apparatus, including Hose, Automatic Sprinkler System, Electrical Equipment for power and lighting; Office, Compress and Warehouse Furniture and Fixtures and Supplies, Trucks, Tools, Scales, Signs, Awnings, Fuel and Supplies used in and with their business; all while contained in buildings or on premises of the Compress Company, situated.....in.....known as .....

Buildings described above built of.....with.....roof.

Attach valuation for buildings as necessary,

Full Coinsurance Clause.

Electric Light and Power, Mechanics and Cease Operations Permits, No Smoking and Waiver of Subrogation Warranty, Lightning and Dynamo and Standard Time Clauses.

COTTON—GENERAL FLOATER

$....On Cotton in bales, owned or held by the assured in trust, or on commission, or on joint account with others, or sold but not delivered, in all or any of the Stores, Presses, Warehouses, Sheds, Yards, Railroad Yards and Wharves (.....excepted), or while in transit in or while on any of the streets in.....

This insurance is effected subject to the following conditions, which are hereby made warranties by the assured, and are accepted as part of this contract:

It is understood and agreed to be a condition of this insurance that this policy shall cover cotton at any of the Presses (.....excepted).

Cotton Coinsurance Clause.

Standard Time Clause.

COTTON—LIMITED FLOATER

$....On Cotton in bales, owned or held by the assured in trust, or on commission, or on joint account with others, or sold but not delivered, contained in the following specifically described Warehouses, Compresses and Wharves, including sidewalks, platforms and streets adjacent thereto; also while in transit through streets between localities named herein namely:.....all situated in the city of.....

This insurance is effected subject to the following conditions, which are hereby made warranties by the assured, and are accepted as part of this contract:

It is understood and agreed that Cotton is not covered by this policy if left on sidewalks, platforms, and/or streets on nights or on Sundays and holidays.

It is understood and agreed to be a condition of this insurance that this policy shall cover cotton at Compresses, the fact of bills of lading having been signed for the same notwithstanding.

Cotton Coinsurance and Standard Time Clauses.

GENERAL FLOATER

(*L. F. P. B.*)

COVERING WITHIN ENTIRE STATE

$....On cotton in bales, their own or held by them in trust, or on commission, or purchase for their account by agents of the assured wherever the said cotton may be within the State of.....

Subject to the following conditions, viz.:

1. It is understood and agreed that cotton is not covered while in or on the premises of the.....

2. There shall be no liability under this policy for cotton while in the custody of common carriers.

3. It is understood and agreed that this Company shall not be liable in excess of.....per cent of the amount insured under this policy by reason of any one fire.

4. It is also agreed and understood to be a condition of this insurance that this policy shall not apply to or cover any cotton which may at the time of loss be covered in whole or part by or under protection of any Marine Insurance Company, and further, it is understood and agreed that the assured shall at all times maintain insurance on the property insured by this policy equal to the actual cash value thereof, and on each item of the same, and the failing so to do, the assured shall be an insurer to the extent of such deficit, and in that event shall bear his, her or their proportion of any loss on such property, and this Company shall be liable for not exceeding such proportion of the loss or damage as the amount insured by this policy shall bear to the actual cash value of such property at the time of the fire in all localities covered by this policy.

Other insurance, concurrent herewith, permitted without notice until required.

COTTON FORM

(*L. F. P. B.*)

TRANSPORTATION LINE'S LIABILITY IN COMPRESS

$....On their liability for loss or damage by fire to cotton in bales while in the custody of the hereinafter named Compress Company or Companies, for the account of this assured, including (except) cotton loaded and/or being loaded on cars for which cotton no bill of lading, or compress receipt exchangeable by its terms for a bill of lading, has been issued; all while contained in any of the compresses, sheds, platforms and/or yards on their premises and/or on grounds immediately adjacent thereto and in cars on switch tracks of said Compress Company or Companies, situate at and known as.....Louisiana.

It is hereby agreed that the existence of a chattel mortgage covering the cotton itself shall not constitute an avoidance of this policy.

(Attach Cotton Coinsurance Clause.)

COTTON FORM

(*L. F. P. B.*)

COMPRESS LIABILITY TO TRANSPORTATION LINES

$....On their liability to the transportation line or lines, hereinafter named, by virtue of a mutual contract between this assured and the said transportation line or lines, for loss or damage by fire to cotton in bales in the custody of this assured, for the account of such transportation line or lines including (except) cotton loaded and/or being loaded on cars for which cotton no bill of lading, or compress receipt exchangeable by its terms for a bill of lading, has been issued; all while contained in the compress or compresses, sheds, platforms and/or yards or the premises and on the grounds immediately adjacent thereto, and in closed cars on the switch tracks of said Compress Company, situate at.....

(Attach Cotton Coinsurance Clause.)

Note: If it be desired, the above form may be used to cover cotton in different compresses in several localities or towns, but at rate not less than 6 per cent.

When this form is used to cover in more than one compress, to be subject to the following clause, viz.:

"It is understood and agreed that this company shall not be liable in excess of.....per cent of the amount insured under this policy by reason of any one fire."

COTTON FORM—COMMON CARRIER

(*L. F. P. B.*)

On cotton in bales for which bills of lading have been issued by their duly authorized agents, and for which they shall be liable, while contained in and on premises of the.....in the City of.....Louisiana.

(Attach Cotton Coinsurance Clause.)

COTTON FORM

(*L. F. P. B.*)

TERMINAL PROPERTIES

(Form for Liability as Common Carrier and (or) Warehouseman)

$....On its legal liability as a common carrier and (or) warehouseman for goods and merchandise of every description—except (including) cotton for which bills of lading have been issued and are outstanding; also on its liability upon its agreement (if any) to indemnify owners of such goods against loss or damage by fire; also on its own goods and merchandise.

All at its terminal at.....while contained in.....Louisiana.

This policy also covers earned freight charges.

Other insurance, concurrent herewith, permitted without notice until required.

Note: When cotton is covered, the cotton coinsurance clause is to be used in all cases.

COTTON FORM

(*L. F. P. B.*)

EXCESS INSURANCE

The assured warrants to maintain and carry insurance which is to cover all of any loss up to at least $....or, in the event of failure so to do, to bear all of any loss up to the amount warranted.

This insurance shall attach only to pay a loss greater than $...., and shall pro-rate in the payment of same with all other excess insurance, but in no event shall pay more than such proportion of any loss sustained by the assured, over and above $...., as the amount of this insurance bears to the excess in value of the cotton over $.....

Note: The above form may be written at seventy-five per cent of the regular rate only when $100,000 or more initial insurance is carried and warranted to be maintained.

COTTON FORM

(*L. F. P. B.*)

EXCESS INSURANCE

It is understood and agreed that the following clause is incorporated in the marine cotton cover, and it is agreed that the same shall be recognized in the adjustment of any loss under this policy, viz.:

"This policy does not attach to or cover the risk of fire on any cotton which is fully covered by general or specific fire insurance; that is, insurance under a form of policy covering at a specific place or places; but on cotton which is covered in part by such general or specific fire insurance, the amount insured hereunder against loss or damage by fire shall be the difference between the amount covered by such fire insurance and the full value of the cotton, and the amount so insured hereunder shall be deemed concurrent insurance with the said fire insurance and liable for not exceeding such a proportion of the whole loss as the amount so insured hereunder bears to the full value of the cotton."

Note: To be used when only a nominal amount is carried by Marine Companies. The rate on policies having this endorsement to be the full and regular rate where the policies cover.

COTTON FORM

(*L. F. P. B.*)

On its legal liability as a common carrier and (or) warehouseman for merchandise for which bills of lading have been issued

and are outstanding; also on its liability for merchandise which it has agreed to insure; also on its own merchandise. All at its seaboard terminal at.....while contained in.....Louisiana.

This policy also covers earned freight charges.

Other insurance, concurrent herewith, permitted without notice until required.

Note: When cotton is covered, the cotton coinsurance clause is to be used in all cases.

Note: Quite a large proportion of the fire insurance on cotton is written under marine contracts, principally for those known in the trade as buyers, who purchase cotton in many places and concentrate it in one or more localities, delivering from there to all parts of the world. The policy is drawn to cover all of the buyer's cotton from time of purchase to the time of delivery and monthly reports are made with payments of premium accordingly.

The Cotton Insurance Association writes a cover similar to that of the marine companies just described but cannot extend such cover outside the United States. A copy of the form used is as follows:

BUYERS TRANSIT FORM

COVERAGE

1. This insurance covers the risk of loss or damage by fire, tidal waves or overflowing rivers to all cotton IN BALES in the United States and in Canada, while owned by the Assured, or while legally at the risk of the Assured as purchaser under contracts of purchase, except as hereinafter provided.

2. This Company shall not be liable for more than such proportion of any loss as the maximum of liability mentioned below, at the place where any loss or damage shall occur, bears to the total value of Assured's cotton at such location at the time of any loss or damage. The amount of this insurance at the place of loss shall be the maximum of liability herein named, when the value at risk hereunder at such place equals or exceeds such maximum, and in all other instances the value at risk hereunder at such place.

3. It is agreed that the limit for loss hereunder by any one fire, conflagration or flood shall not exceed DOLLARS ($.....).

4. (a) This Company shall not be liable for more than the market value of the cotton at the place of loss; such market value shall be determined by using, (1) the opening quotation of the first "futures" market for the next active trading month follow-

ing the time the loss or damage commences and, (2) the prevailing "basis" as of the date the loss commences. (*All words and terms in the preceding sentence are to be taken in the sense they are understood and used in the cotton trade.*) It is specifically provided, however, that if for ten consecutive days from the date loss or damage commences the "futures" market be closed, then this Company shall not be liable for more than the actual market value of the cotton at the time and place of loss.

(b) It is understood and agreed, however, that this Company shall always have the right, in lieu of cash payment, to replace with other cotton equivalent in value and as nearly as practicable of the same grade and staple.

5. No other insurance permitted without the written consent of this Company endorsed hereon.

PAYMENTS OR ADVANCES IN CASE OF LOSS

6. Warranted by the Assured: to give immediate notice to this Company of any loss or damage; that this Company shall have the right to investigate the circumstances attending the same, the condition of the Assured's records, the amount of loss and any other matter pertaining to the Assured's transactions in cotton, and to handle and dispose of the salvage, if any, and collect premiums due and to become due under this policy, without admitting liability and without waiving the right to deny liability on account of any breach of warranty or condition of this policy or any right of this Company under this policy. All claims shall be payable after the expiration of fifteen days from receipt of such notice, provided satisfactory proofs have been filed.

7. After presentation of proofs of loss or damage to cotton described in Section 1 of this form (and not excluded hereunder) while in possession of any carrier or other bailee, this Company, provided the provisions of this policy have been complied with, will advance as a loan to the Assured the amount of such loss or damage, repayable only to the extent of any recovery from such carrier or bailee.

8. Payments or advances, in case of loss or damage to cotton, shall be made to banks or other persons having made advances against such cotton, as their interests may appear, or, at the option of this Company, to such banks or other persons and the Assured jointly, provided this Company receives written notice of such interest within ten days after such loss or damage.

REPORTS AND PREMIUMS

9. (a) It is warranted that on the day this policy becomes effective the Assured will report to this Company all cotton owned by the Assured and all cotton legally at the risk of the Assured as purchaser under contracts of purchase; and thereafter will

report each day all daily purchases, sales and shipments of cotton, with values of such sales and shipments, including all cotton under bills of lading and contracts of purchase; and pay to this Company premiums thereon at rates and in accordance with the terms promulgated by this Company, which may be altered on thirty days' notice to the Assured. However, this Company reserves the right, upon five days' notice to the Assured, to increase rates at any location where recommendations made by this Company for the protection of cotton are not complied with.

(b) Upon issuance of this policy a minimum premium shall be earned and charged against the Assured. If the term of this policy begins on or after August 1, 1933, and prior to February 1, 1934, the minimum premium shall be $50.00. If the term of this policy begins on or after February 1, 1934, the minimum premium shall be such proportion of $50.00 as the term of this policy bears to one year. Such minimum premium shall be payable on demand and in the event of termination or cancellation of this policy, no part of the minimum premium shall be returned or credited as a return premium. The Assured shall not be liable for additional premiums under this policy until the total premiums shall exceed the minimum premium hereunder.

(c) Additional premiums for each month shall be payable on or before the 15th day of the succeeding month.

(d) In the event of loss the Assured shall pay the premium on the ascertained value of cotton on which any loss may be paid, just as though such cotton had been sold.

(e) If this policy is not renewed, or if terminated, the Assured shall pay premium on the cash value of all cotton on hand, just as though such cotton had been sold.

RECORDS

10. Warranted by the Assured: (a) that he will make and preserve at all times an accurate record of all purchases, sales, bailments and shipments, showing the weight, classification and identity of each bale, its location and change of location, and the dates of all his transactions in cotton, which record shall be open at all times to the inspection of any authorized representative of this Company upon request; (b) that in the event of loss or damage hereunder, he will deliver such records to this Company, and in the event of his failure so to do for any cause, this policy shall be null and void as to such loss.

SPECIAL PROVISIONS

11. Unless otherwise provided for by endorsement attached hereto, this insurance does not cover the following:

(a) COTTON WHILE WATERBORNE;

(b) Cotton, prior to actual delivery to the Assured, that has not been specifically identified in writing by marks and numbers in possession of the Assured or mailed to the Assured prior to loss;

(c) Cotton for which the Assured is liable as warehouseman or other bailee, or for which the Assured is liable to any person, firm or corporation. This insurance shall never inure to the benefit of any carrier, bailee or any person, firm or corporation other than the Assured, except that payments may be made as provided for in Section 8 above;

(d) Cotton for which any carrier or other bailee is liable, nor cotton under bills of lading or storage receipts that give the carrier, warehouseman or other bailee the benefit of any insurance thereon, nor cotton on which any carrier or other bailee has insurance which would attach if this policy had not been issued, or insurance which would, under any circumstances, inure to the benefit of the Assured hereunder;

(e) COTTON FOR WHICH ANY CARRIER, BAILEE OR OTHER PERSON HAS BEEN OR SHALL BE RELEASED FROM ANY LIABILITY;

(f) Cotton under contract of sale by the Assured after loaded on trucks, drays or other similar conveyances for delivery to purchaser, his order or for his account, unless such cotton is

(1) Transferred at Assured's risk to railroad platform, or other railroad receiving point for the pupose of securing bill of lading upon delivery thereat;

(2) To be hauled to premises, other than railroad receiving points, not more than five miles distant;

(g) Cotton sold by Assured on which initial premium is not earned prior to delivery to any carrier for shipment to purchaser;

(h) Cotton after arrival at any steamship wharf, dock or pier at seaports;

(i) Loss or damage caused directly or indirectly by strikers, locked-out workmen, or persons taking part in labor disturbances.

12. Unless provided for by endorsement attached hereto, no advance or payment shall be made on cotton under contract of sale by the Assured after it has been delivered to rail-carrier for transportation to purchaser, his order or for his account (unless point of delivery to such carrier be within five miles of destination); nor on cotton on which any carrier or other bailee has been or shall be released from any liability.

WAIVERS

13. Any waiver by this Company of any breach of any condition or waranty of this policy shall not be considered a waiver of any subsequent breach of any condition or warranty of this policy.

CANCELLATIONS

14. This company reserves the right to terminate, on five days' notice to the Assured, any or all liability at any or all locations.

This policy expires on the first day of August, 19.....

COMPRESS AND/OR WAREHOUSE LIABILITY UNDER INSURED RECEIPTS

S. E. U. A. (Reporting Cover)

1. This insurance covers on cotton in bales in the legal custody of the assured, but only on cotton for which insured receipts have been issued, prior to loss, and are outstanding during the life of this policy, under the terms of which receipts the Assured agree to indemnify the owner of the cotton against loss or damage by fire, only while such cotton is contained in any of the buildings, sheds, platforms and/or yards of the hereinafter described premises of the Assured, except as hereinafter provided.

2. The premises of the Assured referred to above are as follows: .....
.....
.....
.....
.....

3. This Company shall not be liable for more than such proportion of any loss as the limit of liability mentioned below, applying at the place where any loss or damage shall occur, bears to the value of cotton covered by insured receipts at such location at the time of any loss or damage. The amount of insurance applying at the place of a loss shall be the limit of liability herein named where the value at risk hereunder at such place exceeds such limit, and in all other instances the value at risk hereunder at such place.

4. It is agreed that the limit for loss by any one fire or conflagration shall not exxceed.....DOLLARS ($.....).

5. (a) This Company shall not be liable for more than the market value of the cotton at the place of loss; such market value shall be determined by using: (1) The opening quotation of the first "futures" market for the next active trading month following the time the loss or damage commences and (2) the prevailing "basis" as of the date the loss commences. (All words and terms in the preceding sentence are to be taken in the sense they are understood and used in the cotton trade.) It is specifically provided, however, that if for ten consecutive days from the date loss or damage commences the "futures" market be closed, then this Company shall not be liable for more than the actual market value of the cotton at the time and place of loss.

(b) It is understood and agreed, however, that this Company shall always have the right, in lieu of cash payment, to replace any cotton with other cotton equivalent in value and as nearly as practicable of the same grade and staple.

6. No other insurance permitted without the written consent of this Company endorsed hereon.

7. Warranted by the Assured: To give immediate notice of this Company of any loss or damage; that this Company shall have the right to investigate the circumstances attending the same, the condition of the Assured's records, the amount of loss and to handle and dispose of the salvage, if any, and collect premiums due and to become due under this policy, without admitting liability and without waiving the right to deny liability on account of any breach of warranty or condition of this policy or any right of this Company under this policy.

8. Warranted by the Assured: (a) That he will make and preserve at all times an accurate record of all cotton received and shipped, showing the weight, classification and identity of each bale, its location and change of location, and the dates of all such transactions, which record shall be open at all times to the inspection of any authorized representative of this Company upon request; (b) that in the event of loss or damage hereunder, he will deliver such records to this Company, and in the event of his failure so to do for any cause, this policy shall be null and void as to such loss.

9. It is warranted that when this policy becomes effective the Assured shall report to this Company the number of bales of cotton for which its insured receipts are outstanding and thereafter to report daily:

(a) The number of bales of cotton for which insured receipts are issued;

(b) The number of bales for which insured receipts are surrendered and/or cancelled;

(c) The number of bales for which insured receipts remain outstanding.

10. (a) In consideration of the protection granted hereunder the Assured agree to pay to this Company, upon issuance of this policy, a minimum premium of Fifty Dollars ($50.00), no part of which shall be returned or credited as a return premium. The Assured also agree to pay to this Company premium on all cotton reported, as provided for in Section 9 above, according to classification of the premises where the cotton is stored, calculated on the number of bales for which insured receipts are surrendered

and/or cancelled, at the following initial and holding-time rates, which are subject to change on thirty days' notice from this Company to the Assured.

INITIAL RATES

CLASS

1. Four cents (4c) per $100 of value;
2. Five cents (5c) per $100 of value;
3. Six cents (6c) per $100 of value;
4. Fifteen cents (15c) per $100 of value;
5. Twenty cents (20c) per $100 of value;
6. Twenty-five cents (25c) per $100 of value.

(b) If the cotton so reported is at risk for an average time greater than thirty days, an additional charge for each day, or fractional part thereof, in excess of the said thirty days will be made according to the classification of the premises where the cotton has been at risk as follows:

HOLDING-TIME RATES

CLASS

1. Seven-tenths of one mill (.0007) per $100 of value;
2. One and four-tenths mills (.0014) per $100 of value;
3. One and eight-tenths mills (.0018) per $100 of value;
4. Four mills (.004) per $100 of value;
5. Seven mills (.007) per $100 of value;
6. One and one-fourth cents (.0125) per $100 of value.

(c) The Assured shall not be liable for additional premiums at the initial and holding-time rates scheduled above until the total premiums shall exceed the minimum premium.

11. It is agreed for the purpose of arriving at the value of each bale reported that weights shall be taken as 500 pounds, and the value shall be based upon the average price of middling cotton at the New Orleans Cotton Exchange for the month. This Company, however, reserves the right to increase the basis of arriving at the value of cotton coming under the protection of this policy as to any long staple cotton that may be covered hereunder.

12. It is agreed that this Company reserves the right, upon five days' notice to the Assured, to increase rates at any location where recommendations made by this Company for the protection of cotton are not complied with.

13. Premiums for each month shall be payable on or before the fifteenth day of the succeeding month.

14. In the event of loss the Assured shall pay the premium on the ascertained value of cotton on which any loss may be paid, just as though receipts for such cotton had been surrendered and/or cancelled.

15. If this policy is not renewed, or if terminated, the Assured shall pay premiums on the market value of all cotton covered by such outstanding receipts, just as though receipts for such cotton had been surrendered and/or cancelled.

16. The Assured agree that a properly authorized representative of this Company shall be permitted to examine the books of the Assured and any (or all) of their agents, employees and correspondents at any time.

17. No claim under this policy shall be made by any person, firm or corporation other than the Assured, nor shall the owner of any cotton covered hereunder have any cause of action against this Company under this policy, but in event of a loss under this policy, the same shall be adjusted with, and any money found to be due hereunder shall be payable to.....only, whose receipt for such payment shall constitute a release in full of any and all liability on the part of this Company under this policy to the Assured or to any other person, firm or corporation.

18. This insurance does not cover any cotton on which the owner has other insurance covering in the same location, except on the value, if any, in excess of such other insurance.

19. This insurance shall in no event attach on cotton for which any carrier or bailee (other than the Assured) may be liable, nor on cotton under bill of lading containing a stipulation that the carrier may have the benefit of any insurance thereon. This insurance shall not cover where any carrier or other bailee has insurance which would attach if this policy had not been issued and shall not inure to the benefit of any carrier or other bailee.

20. If any carrier, bailee or other person has been or shall hereafter be released from any liability for loss or damage to any cotton hereunder, this policy shall be null and void as to such cotton.

21. It is agreed that this Company shall have the right at all reasonable times to inspect the premises specified herein, and that the Assured will use their best efforts to carry out any necessary improvements and supply any deficiencies in protecting such premises against fire which this Company may deem essential in its interest.

22. Any waiver by this Company of any breach of any condition or warranty of this policy shall not be considered a waiver of any subsequent breach of any condition or warranty of this policy.

23. This Company reserves the right to terminate, on five days' notice to the Assured, any liability at any or all locations.

This policy expires on the.....day of.....193.....

Note: Form is for illustration; both rates and provisions of contract are subject to change.

COTTON SEED OIL MILLS—SPECIFIC POLICY

(Stock, with Eighty Per Cent Coinsurance Clause.)

.....Oil Mill, situate on premises of assured, at or near .....

$....On Cotton Seed, Cotton Seed Oil and/or any product coming therefrom, pertaining to the production thereof, or any material, raw, wrought or in process, necessary thereto; also Cooperage, Barrels, Sacks, Bags, Bagging and Packages, of whatever material, and all other merchandise used in their industry, their own or held by them in trust, or on commission or consignment, or on joint account with others, or sold but not delivered or removed, or from which the assured may be liable in case of loss, only while contained in building or buildings specified below.

(It is understood and agreed, however, that no part of this insurance applies in any building or buildings listed below, except where a specific amount is placed opposite such building, and then applies specifically in the sum set opposite each such building.)

DESCRIPTION	Amount
In the.....story.....roof Main Mill Building	
In the.....story.....roof Seed House No.	
In the.....story.....roof Seed House No.	
In the.....story.....roof Hull House	
In the.....story.....roof Meal House	
Total	

This policy shall not attach to nor cover oil contained in yard tanks, nor to stock in any cotton ginnery.

This insurance is effected subject to the following conditions, which are hereby made warranties by the assured, and are accepted as part of this contract:

Eighty Per Cent Coinsurance Clause.

Iron Safe Clause.

Lightning and Dynamo and Standard Time Clauses and Mechanics, Cease Operations and Day and Night Permits attached.

COTTON SEED OIL MILLS

(Blanket Policy—Stock, with Ninety Per Cent Coinsurance Clause.)

.....Oil Mill, situate on premises of assured, at or near .....

$....On Cotton Seed, Cotton Seed Oil and/or any product coming therefrom, pertaining to the production thereof, or any material, raw, wrought or in process, necessary thereto; also Cooperage, Barrels, Sacks, Bags, Bagging and Packages of whatever material, and all other Merchandise used in their industry, their own or held by them in trust, or on commission or consignment, or on joint account with others, or sold but not delivered or removed, or for which the assured may be liable in case of loss; all while on the premises above described, subject to the following conditions:

This policy shall not attach to nor cover oil contained in yard tanks, nor to stock in any cotton ginnery.

This insurance is effected subject to the following conditions, which are hereby made warranties by the assured, and are accepted as part of this contract:

Ninety Per Cent Coinsurance Clause.

Iron Safe Clause.

Attach Mechanics, Cease Operations, Day and Night Permits, Fire Protection, Lightning and Dynamo and Standard Time Clauses.

Other insurance, warranted concurrent herewith, permitted without notice until required.

COTTON SEED OIL MILLS

(Buildings and Machinery and Other Articles Subject to Conditions of Eighty Per Cent Coinsurance Clause.)

.....Oil Mill, situate on premises of Assured, at or near .....

This policy covers to the extent of $....being pro rata part of each of the following items:

(It is understood and agreed, however, that no part of this insurance attaches or applies to any building or buildings listed below, nor to their contents, except where a specific amount is placed opposite such building, and then applies specifically to building, and/or contents, only in the sum set opposite each such building).

$....On Buildings and connections, including Stacks, Plumbing and Piping, except for Fire Extinguishing.

$....On Machines, Machinery, Appurtenances and Appliances, Boilers, Engines, Pumps, including all connections, Implements, Tools, Utensils, Electric Light Equipment, Fire Extinguishing Apparatus, Tanks in or on buildings, towers or scaffolds, Vehicles of all kinds, Office Furniture, Furnishings and Fixtures, Iron Safes, Printing and Writing Machines, Stationery Supplies, and all Material and Extra Parts, only while contained in building or buildings specified below:

DESCRIPTION	Amount insured on buildings, etc., per first item	Amount insured on machinery, etc., per second item
On the.....story.....roof Main Mill Building.....		
On the.....story.....roof Seed House No.....		
On the.....story.....roof Seed House No.....		
On the.....story.....roof Hull House.....		
On the.....story.....roof Meal House.....		
On the.....story.....roof Office Building.....		
On Track Scales.....		
On Tank and Tower (not in or on buildings).....		
Totals.....		

This insurance is effected subject to the following conditions, which are hereby made warranties by the assured, and are accepted as part of this contract:

Eighty Per Cent Coinsurance Clause.

Attach Mechanics, Cease Operations, Day and Night Permits, Fire Protection, Lightning and Dynamo and Standard Time Clauses.

Note: If used in S. C. or Florida attach valuation clause for buildings.

DIVISION XII

RENT AND LEASEHOLD INSURANCE

This class of insurance is written under special forms attached to the regular fire policy; generally speaking, the same permits and clauses should be attached (so far as they apply to the subject of insurance) as would be to the ordinary fire policy covering the class of property on which the rent or leasehold interest is based. For instance, a rent policy on a dwelling should contain the permits and clauses enumerated under RESIDENCE PROPERTY FORMS.

Rents and Rental Value. It is not always realized that fire, by rendering a building untenantable, entails other losses beyond that to the structure itself, namely, loss of income from rents, or loss of the use of such portion of the building as the owner occupies, or even a loss because space which might be rented is not available.

This has given rise to a form of insurance against loss of rents or rental value which is coming into greater demand every year, as the fact becomes known that such insurance is available.

Rates are usually somewhat less than the building rates and the forms used cover loss of rent during the period of repair or replacement, being applicable to all classes of risks whether dwelling, mercantile or manufacturing properties.

Many agents are attaching to all policies covering dwelling and mercantile properties a rent endorsement inserting therein the amount of rent or rental value of the property; then when delivering policy a brief explanation is made of the nature of the cover, with the result that such insurance is usually accepted. The following facts may be of assistance in such cases:

An owner of rented property loses the income therefrom when it is rendered untenantable in whole or in part.

An owner occupying his own property loses the value of such occupancy under the same conditions.

In either case, taxes, interest on mortgage, and frequently maintenance and operating charges, continue undiminished without any compensating return.

To the individual owner rent insurance is sold as a straight business proposition against the risk of loss of income. To those having mortgages on their property, particularly building and loan mortgages, who rely on their rental income to meet monthly payments, it is especially desirable.

Executors, trustees, receivers, officers of corporations and others responsible in a fiduciary capacity consider this kind of insurance in the light of a fulfilment of their obligations to protect the interests in their care.

There is a distinction between rents and rental value: Insurance against loss of *rents* contemplates payment only in case of the building, or any part thereof, is rendered untenantable by fire and *actual loss of rent ensues;* if portions are untenanted there is no actual loss of rent and therefore no claim.

Insurance against loss of *rental value* contemplates payment if the building or any part thereof is rendered untenantable by fire, whether the building is occupied by owner or by tenant, and in some cases is extended to cover it if unoccupied.

There are many different forms in use for writing this class of insurance, some prescribed as to phraseology and the clauses to be attached, but the following will serve as illustrations:

"RENTS—FORM 'A'

(Uniform East)

1. "Whether Rented or Vacant—Based on Time to Rebuild.
2. "$....On the rental value of the.....building situate.....
3. "The term rental value, wherever used in this contract, shall mean the determined rental less such charges and expenses as do not necessarily continue.
4. "It is hereby provided that if said premises or any part thereof, whether rented at the time or not, shall be rendered untenantable by fire or lightning occurring during the continuance of this policy, this Company shall thereupon become liable for the rental value of such untenantable portions. Loss to be computed from the date of fire or damage by lightning, until such time as the building could, with reasonable diligence and dispatch, be rendered again tenantable, although the period may extend beyond the termination of this policy.

5. "If the insured occupies any portion of said building, a fair rental value of the portion so occupied shall be considered as a part of the rental value insured.

6. "In the event of a disagreement as to the time required to restore the premises to the same tenantable condition as before the fire or damage by lightning, or as to the rental value of premises occupied by the insured, the same shall be determined by appraisement or reference in the manner provided in the printed conditions of this policy.

7. "In consideration of the reduced rate at which this policy is written, it is agreed that this Company shall not be liable, under this policy, for a greater proportion of any loss that may occur than the sum hereby insured bears to the rental value of the whole of said premises for the time that would, with reasonable diligence and dispatch, be required to rebuild and restore the same to a tenantable condition, if totally destroyed. The liability under this policy for any loss shall not exceed the sum insured by this policy, nor this Company's pro rata proportion of all insurance on rental value, whether other insurance covers against loss caused by lightning or not.

8. "Other insurance permitted without notice until required."

It covers, as will be noted, the rental value of the building, which it defines as "the determined rental less such charges and expenses as do not necessarily continue." Rental value may be further defined as the going rental for similar premises in a similar neighborhood suitable for a similar occupancy. It provides for computation of the loss during the estimated time it would take to repair or replace the building and make it tenantable, and contains a further provision that the Company shall not be liable for a greater proportion of such loss than the insurance bears to the rental value of the whole of the premises, for the time required to rebuild.

When determining how much insurance should be carried under this form, the agent or owner should consider the time it is likely to take to rebuild the building under the most unfavorable circumstances, that is, with due allowance for bad weather, possible unsettled conditions in the building trades, etc.

The following is known as Form "B," in which paragraphs 2, 3, 5, 6 and 8 are identical with Form "A." The changes in the form are in paragraphs 1, 4 and 7, which in Form "B" read as follows:

"RENTS—FORM 'B'

(Uniform East)

1. "Occupied or Rented Portions Only—
Based on Time to Rebuild.

4. "It is hereby provided that if said premises or any part thereof, occupied or rented at the time, shall be rendered untenantable by fire or lightning occurring during the continuance of this policy, this Company shall thereupon become liable for the rental value of such untenantable portions. Loss to be computed from the date of fire or damage by lightning, until such time as the occupied or rented portions of the building could, with reasonable diligence and dispatch, be rendered again tenantable, although the period may extend beyond the termination of this policy.

7. "In consideration of the reduced rate at which this policy is written, it is agreed that this Company shall not be liable, under this policy, for a greater proportion of any loss that may occur than the sum hereby insured bears to the rental value of the whole of the occupied or rented portions of said premises for the time that would, with reasonable diligence and dispatch, be required to rebuild and restore the same to a tenantable condition, if totally destroyed. Total liability under this policy for any loss shall not exceed the sum insured by this policy, nor this Company's pro rata proportion of all insurance on rental value, whether other insurance covers against loss caused by lightning or not."

This is subject to the same general explanation, and is applicable under like circumstances, except that it relates only to the occupied or rented portions of the building, that is, if a fire occurs while part of the building is not rented or is unoccupied, that part of the building is not taken into consideration in computing the loss or the rental value of the whole of the premises.

The following is known as Form "C," in which paragraphs 2, 3, 4, 5, 6 and 8 are identical with Form "A." The changes in the form are in paragraphs 1 and 7, which in Form "C" read as follows:

"RENTS—FORM 'C'

(Uniform East)

1. "Whether Rented or Vacant—
Based on Annual Rental Value.

7. "In consideration of the reduced rate at which this policy is written, it is agreed that this Company shall not be liable, under this policy, for a greater proportion of any loss that may occur than the sum hereby insured bears to the rental value of the whole of said premises per annum. Total liability under this policy for any loss shall not exceed the sum insured by this policy, nor this Company's pro rata proportion of all insurance on rental value, whether other insurance covers against loss caused by lightning or not."

This relates to rented or vacant premises, and is based on the actual rental value for the entire year. In writing insurance under this form, an amount equal to the annual rental value should be carried, and it should apply to all premises, whether rented or not.

The following is known as Form "D," in which paragraphs 2, 3, 5, 6 and 8 are identical with Form "A." The changes in the form are in paragraphs 1, 4 and 7, which in Form "D" read as follows:

"RENTS—FORM 'D'

(Uniform East)

1. "On Occupied or Rented Portions Only—
Based on Annual Rental Value.

4. "It is hereby provided that if said premises or any part thereof, occupied or rented at the time, shall be rendered untenantable by fire or lightning occurring during the continuance of this policy, this Company shall thereupon become liable for the rental value of such untenantable portions. Loss to be computed from the date of fire or damage by lightning, until such time as the occupied or rented portions of the building could, with reasonable diligence and dispatch, be rendered again tenantable, although the period may extend beyond the termination of this policy.

7. "In consideration of the reduced rate at which this policy is written, it is agreed that this Company shall not be liable, under this policy, for a greater proportion of any loss that may occur than the sum hereby insured bears to the rental value of the whole of the occupied or rented portions of said premises per annum. Total liability under this policy for any loss shall not exceed the sum insured by this policy, nor this Company's pro rata proportion of all insurance on rental value, whether other insurance covers against loss caused by lightning or not."

This bears the same relation to Form "C" that "B" does to "A," that is, it applies to occupied or rented portions only, and otherwise is similar to "C."

The following is known as Form "E," in which paragraphs 3, 4, 5, 6 and 8 are identical with Form "A." The changes in the form are in paragraphs 1, 2, 7 and 7a, which in Form "E" read as follows:

1 "RENTS—FORM 'E'

(Uniform East)

FOR SEASON RISKS

2. "$....on the rental value of the.....roof building occupied for.....situate.....

7. "In consideration of the reduced rate at which this policy is written, it is agreed that this Company shall not be liable, under this policy, for a greater proportion of any loss that may occur than the sum hereby insured bears to the rental value of the whole of said premises during the period for which liability is assumed under the succeeding paragraph. Total liability under this policy for any loss shall not exceed the sum insured by this policy, nor this Company's pro rata proportion of all insurance on rental value, whether other insurance covers against loss caused by lightning or not.

7a. "Liability under this policy is limited to loss of rental value sustained, not exceeding the rate of $....per month, from..... to.....in each year, inclusive, and this Company is hereby relieved from all liability for loss of rental value during the remainder of the year, i.e., from.....to.....in each year, inclusive."

Note: The general outlines are the same as the other forms, except that the liability is limited to the rental value for certain months in the year, and in the computation of the loss and of the rental value only those months are taken into consideration.

In the Southern States the forms used are different from the foregoing in the language used, but are essentially the same in their meaning. One of them is given herewith as an illustration.

RENTS FORM

(*S. E. U. A.*)

(Based on Annual Rental)

$....On the rents of the.....story.....building, with .....roof, situated No.....on the.....side of..... Street, Block No....., in.....

This insurance is effected subject to the following conditions, which are hereby made warranties by the assured, and are accepted as parts of this contract:

The intention of this insurance is to make good the loss of rents caused by fire or lightning actually sustained by the assured on occupied or rented portions of the premises which have become untenantable for and during such time as may be necessary to restore the premises to the same tenantable condition as before the fire.

If the assured occupies any portion of the premises, a fair rental value for the portions so occupied shall be considered as a part of the rents insured. Said time, in case of disagreement, to be determined by appraisement in the manner provided in the conditions of this policy; but the assured shall at all times maintain insurance of not less than annual rental of such rented or occupied portions of the premises. Failing so to do, the assured shall be an insurer to the extent of such deficit and in that event shall bear his, her, or their proportion of any loss.

STANDARD TIME CLAUSE.—It is understood and agreed that the word "noon" as used herein, in designating the beginning and ending of the term of insurance, refers to Standard Time at the place where the property is located.

In the Central and Western States the forms for writing rent and rental value insurance are also different from those first quoted, but have essentially the same meaning. The fraction inserted in blank space is either 1/9th or 1/12th except on fireproof buildings for which there are special rules.

RENT OR RENTAL VALUE FORM NO. 1

(Fire and Lightning Only with Limit of Losses per Month)

(*Uniformity West*)

$....On the rents and/or rental value of the.....story .....roof.....building, occupied as.....situated.....

The term "rents and/or rental value" wherever used in this policy shall mean the determined rent and/or rental value, less such charges and expenses as do not necessarily continue after the fire.

In case the above described building, or any part thereof, whether rented at the time or not, shall be rendered untenantable by fire, this company shall be liable to the insured for not exceeding the actual loss sustained based upon loss of rents and/or rental value of such untenantable parts, not exceeding the sum insured, nor more than one.....of that amount for any one month, and proportionate part thereof for any period less than one month, loss to be computed from the date of the occurrence of said fire, and to be determined by the time it would require, under ordinary circumstances, to put the premises in tenantable condition; and in case any portion of the building herein described shall be occupied by the insured, for his own use, this policy shall extend to and cover the rental value of such portion so occupied, in the same manner as if under lease to a tenant.

In the event of a disagreement as to the time that would be required, under ordinary circumstances, to restore the building to the same tenantable condition as before the fire, or as to the rents and/or rental value of the building or any part thereof, the same shall be determined by appraisement in the manner provided in the printed conditions of this policy.

(Attach usual clauses.)

Note: Above form to be used for buildings occupied by tenants and/or the insured.

RENT OR RENTAL VALUE FORM NO. 2

(*Dwelling*)

(Fire and Lightning Only with Limit of Loss per Month)

$....On the rents and/or rental value of the.....story .....roof.....building, occupied as a dwelling, situated .....Town of.....State of.....

The term "rents and/or rental value" wherever used in this policy shall mean the determined rents and/or rental value, less such charges and expenses as do not necessarily contiunue after the fire.

In case the above described building, or any part thereof, whether rented at the time or not, shall be rendered untenantable by fire, this company shall be liable to the insured for not exceeding the actual loss sustained based upon loss of rents and/or rental value of such untenantable parts, not exceeding the sum insured, nor more than one-twelfth of that amount for any one month, and

proportionate part thereof for any period less than one month, loss to be computed from the date of the occurrence of said fire, and to be determined by the time it would require, under ordinary circumstances, to put the premises in tenantable condition; and in case any portion of the building, herein described, shall be occupied by the assured, for his own use, this policy shall extend to and cover the rental value of such portion so occupied, in the same manner as if under lease to a tenant.

In the event of a disagreement as to the time that would be required, under ordinary circumstances, to restore the building to the same tenantable condition as before the fire, or as to the rents and/or rental value of the building or any part thereof, the same shall be determined by appraisement in the manner provided in the printed conditions of this policy.

DWELLING INHERENT EXPLOSION CLAUSE

(This Clause void as to Tornado Insurance)

In the interest of the insured, the condition of this policy excluding loss or damage from explosion is hereby modified and in consideration of the rate at which this policy is written, this company shall be liable for loss of rents and/or rental value resulting from any direct loss or damage to the property insured hereunder caused by explosion occurring in the structure (or structures) insured hereunder or containing the property insured hereunder; provided further, that in each and every instance the explosion results from the hazards inherent in the occupancy as described herein and not otherwise and except as hereinafter provided. The liability of this company for loss of rents and/or rental value resulting from any or all of the hazards insured hereunder shall not exceed the amount of this policy nor the interest of the insured in the property and shall be subject in all other respects to the terms and conditions of this policy.

If there shall be any other insurance against loss of rents and/or rental value of said property, this company shall only be liable pro rata with such other insurance for any loss of rents and/or rental value by fire and/or explosion, whether such other insurance be against loss by explosion or not.

This company shall not be liable for loss of rents and/or rental value resulting from loss or damage occasioned by or incident to the explosion, collapse or rupture of steam boilers or internal combustion engines, caused by internal pressure, unless fire ensues and then for loss of rents and/or rental value resulting from loss or damage by fire only.

(Attach usual clauses.)

Note: Above form to be used for buildings vacant, or occupied in part by tenants and/or the insured.

RENTS—FORM F. FOR SEASON RISKS

(Use of the Following Rent Form for Seasonal Risks is Optional)

$....On the rental value of the.....roof.....building occupied for.....situate.....

The term rental value, wherever used in this contract, shall mean the determined rental less such charges and expenses as do not necessarily continue.

It is hereby provided that if said premises or any part thereof shall be rendered untenantable by fire or lightning occurring during the continuance of this policy, this company shall thereupon become liable for the rental value of such untenantable portions. Loss to be computed from the date of fire or damage by lightning and to cover only actual loss sustained under bona fide written lease or leases.

If the insured occupies any portion of said building, a fair rental value of the portion so occupied shall be considered as a part of the rental value insured.

In the event of its being possible to restore said premises to a tenantable condition prior to the expiration of the rental season, the company shall receive due credit for any recovery of rent thereby made obtainable, whether from the original lessee or other sources, in the adjustment of any claim under this policy.

In event of a disagreement as to the time required to restore the premises to the same tenantable condition as before the fire or damage by lightning, or as to the rental value of premises occupied by the insured, the same shall be determined by appraisement or reference in the manner provided in the printed conditions of this policy.

In consideration of the reduced rate at which this policy is written, it is agreed that this company shall not be liable, under this policy, for a greater proportion of any loss that may occur than the sum hereby insured bears to the rental value of the whole of said premises during the period for which liability is assumed under the succeeding paragraphs. Total liability under this policy for any loss shall not exceed the sum insured by this policy, nor this company's pro rata proportion of all insurance on rental value, whether other insurance covers against loss caused by lightning or not.

Liability under this policy is limited to loss of rental value sustained, not exceeding the rate of $....per month, from.....

to.....in each year, inclusive, and this company is hereby relieved from all liability for loss of rental value during the remainder of the year, i.e., from.....to.....in each year, inclusive.

Other insurance permitted without notice until required.

EXTENDED RENTAL VALUE CLAUSE

In consideration of $....additional premium this policy is extended to cover rental value, in case of loss hereunder, for an additional period of three months from and after the premises have been restored to a tenantable position, applicable only to such portions as were under lease at the time of fire, to cover the contingency of not being able, with the exercise of due diligence, to re-let such premises.

Note: This clause is seldom used and only for high-grade ownership of properties normally rentable. Rate charged is usually 50 per cent or more in excess of regular rate.

Illustrations of other kinds of rent forms in use in certain territories are given herewith.

OWNER'S RENT FORM

(Season Property)

$1,000 on the rents of the building and furnishings, situate.....

The above mentioned property having been leased at a rental which, for the purpose of this insurance, is estimated and fixed at the sum of $1,000 for the term of this policy, it is hereby understood and agreed that if fire, or lightning, occurring during the term and under the conditions of this policy, renders the above described property untenantable, or otherwise invalidates the lease, this Company shall pay to the insured the sum of $1,000, which sum, however, shall be decreased at the rate of $200 per month for such time as may have elapsed from and after June 1..... to the date of fire or lightning damage.

(Attach usual clauses.)

Advanced Rents

This form of insurance is intended to indemnify the lessee for rents paid in advance, or to be paid if his lease is not terminated in case of fire rendering the premises untenantable. It is chiefly used in the case of a lease of season property, such as a summer cottage.

The conditions of leases are so varied that no one general form will serve in all cases, but the following is given for illustration:

LESSEE'S RENT FORM

(Entire Rental Paid In Advance)

$1,000 on rents paid in advance for the dwelling ("and furnishings" if included), situate..... It is understood and agreed that if fire, or lightning, occurring during the term and under the conditions of this policy, renders the above described property untenantable, this Company shall be liable to the insured for such rents, actually paid in advance, at the rate of $200 per month during such time from June 1 to September 30, inclusive, as the property is untenantable by reason of such damage by fire or lightning.

Note: Policies are usually written from the date when rents are advanced to the date when lease terminates, as from March 1 to October 1.

LESSEE'S RENT FORM

No. 2

$1,000 on rent paid by the insured in advance, or to be paid, as lessee of the dwelling and furnishings, situate..... If, during the term of this policy, the building or furnishings herein referred to shall be so damaged or destroyed by fire or lightning as to become untenantable, this Company shall be liable from the date of the policy to June 1, 1917, for the sum of $1,000; from June 1, 1917, to July 1, 1917, for $800; from July 1, 1917, to August 1, 1917, for $600; from August 1, 1917, to September 1, 1917, for $400; and from September 1, 1917, to October 1, 1917, for $200. It being the intent of this insurance to indemnify the insured at the rate, to the extent, and in the manner above provided, for that portion of the rental of $1,000 paid in advance by him, which would be applicable to the period as above limited during which the insured remains actually prevented from the use of the property described for his occupancy as intended.

Ground Rent Insurance

This is a form of insurance for the protection of the owner of land under lease against loss of ground rents, or impairment of the security therefor, by reason of fire damaging or destroying the building standing on such land. Insurance is issued to the owner of land for an amount equal to the estimated value of ground rents, based on the annual income derived therefrom.

If fire damages or destroys the building and the lessee (owner of building) repairs or restores it, there is no loss under the ground rent insurance unless the terms of the lease provide for no payment of ground rent during the time necessary for repair or replacement.

If lessee does not repair or restore building the insurance on ground rents pays the owner thereof the estimated value of ground rents as stated in the policy together with any ground rent accrued and not paid by lessee, and thereupon the insurance company takes ownership of the land; or, as an alternative, it pays the difference, if any, between such *estimated* value and the *ascertained* value at the time of fire, the owner in that case retaining the land.

The form customarily used for writing such insurance reads as follows:

GROUND RENT FORM

$1,363.64 on annual ground rent of $75, issuing out of lot of ground.....about 38 foot front by about 105 foot deep and improved by frame building situate..... Agreed value of ground rent $1,363.64.

It being understood and it is hereby agreed that if the security for the payment of the ground rents or annuities hereby insured or any of them shall be impaired or diminished by reason of the damage or destruction by fire of the buildings erected on the above mentioned lots or any of them, and the owner of the leasehold estate therein shall fail to repair or rebuild the same within six months from the happening of the fire, this Company shall pay to the insured or.....legal representatives, within thirty days after demand, the sum or sums hereby insured on the ground rents issuing out of such lots together with the ground rent accrued to date of said payment, not exceeding one year. This Company shall have the right, however, if it shall so elect, to pay unto the insured or its legal representatives the value of such ground rents as agreed upon above together with the ground rent accrued to date of payment, not exceeding one year, and on such payment the insured or.....legal representatives shall convey to the Company such lot or lots of ground and the ground rents incident thereto, clear of all encumbrances, save the leasehold estate therein and the unpaid taxes thereon. Reserving, however, to the insured the right to receive and collect and by legal process to recover for.....own use all arrears of ground rent in excess of one year.

It is understood that this insurance shall not be affected or invalidated by any act or neglect of the owner or occupant of the above-mentioned buildings, nor by any foreclosure or other proceedings or notice of sale relating thereto, nor by occupation of the premises for purposes more hazardous than are permitted by this policy, nor by the violation of any of the terms or conditions of this policy not affecting the fee simple interest.

Lightning Clause attached.

Another form in use, giving a somewhat narrower cover, reads as follows:

GROUND RENT FORM (NO. 2)

It is hereby understood and agreed that in the event of the above described property being destroyed or impaired by reason of fire, and that the leasehold interest should fail to rebuild or repair said improvements within a reasonable time, beginning not later than six months from the happening of said fire, this Company shall, on demand, pay to the assured.....heirs or assigns, a sum of good and lawful money of the United States, equal to the difference between the present value of said lot, recognized as being $....and the sum which may be realized by the immediate sale of said lot, not exceeding the amount insured by this policy. The sale to be conducted by a representative of this Company.

It is understood that the interest of the assured in said property is a reversion in fee, subject to a leasehold interest under an indenture of lease for the renewable term of.....years. It is understood that the violation of any of the terms or conditions of this policy, not affecting the fee-simple interest, shall not be deemed to contravene or affect this policy.

The following form is chiefly intended to protect the owner or occupant of a dwelling house or apartment against loss due to the expense of moving when fire renders premises untenantable; also the increase of cost of temporary quarters:

ADDITIONAL COST INDEMNITY

$....applying on premises occupied by the insured either as owner or tenant for.....purposes and situate.....

If, during the term of this insurance, the building at the above location is destroyed or so damaged by fire and/or lightning that the premises occupied by the insured are rendered untenantable and the insured occupies other premises for similar purposes, this Company shall be liable for the ACTUAL LOSS THEREBY SUSTAINED, not exceeding:

First: The actual cost of necessary removal of property from the above named premises, and of moving it back again if said premises are re-occupied by the insured; not, however, exceeding 10 per cent of the amount of this policy for either removal.

Second: The cost of other suitable premises during the time which would be required with reasonable diligence and dispatch, to restore the above named premises to a tenantable condition, or, if lease thereof is cancelled by reason of such fire or lightning, then during the unexpired term of said lease, less in either case any abatement of rental for the above named premises. Liability for any calendar day shall not exceed 1/365th of the remainder

of this policy after deducting the amount of claim allowed for moving expenses, but shall not be limited by the expiration date of this policy.

LEASEHOLD INSURANCE

LEASEHOLD INSURANCE.—There are various kinds of interests in leasehold which may properly be the subjects of insurance. Generally speaking, a lessee has an insurable interest in leasehold if fire, by terminating his lease will cause him a direct financial loss.

The most common forms of leasehold insurance are:

First: Where a lease that fire under certain conditions will terminate has been made for a term of years, and, rentals in the neighborhood having risen so that a higher rental would have to be paid for another suitable location, the lessee desires to protect himself from the loss that would ensue from a termination of said lease. The cancellation of such a lease by fire spells loss to the lessee amounting to the difference between his rental for the balance of the lease and the going rental for similar premises in a neighborhood suitable for his particular business. The latter may be determined by consultation with reliable real estate dealers familiar with conditions. The policy (annual or term) should be written for the whole amount of such difference, subject to deductions as indicated in the example appearing under the caption "Explanation of Leasehold form." What is insured here is really the profit in the lease due to its enhanced value from whatever cause. The interest is quite as real, though not always so apparent, as in the case of premises sublet at a profit. Nevertheless, every lessee who is enjoying a favorable lease must realize that fact and it should not prove difficult to sell him insurance to protect such profit against the loss that cancellation of his lease by fire would entail.

Second: Where a leasehold has been purchased for a lump sum, and the purchaser desires to obtain insurance against the loss of his investment by reason of fire terminating his lease, or loss of a portion of his investment by fire interrupting his use of the premises.

In cases where a bonus has been paid for a lease and there is a profit to be insured as well, the sum of the bonus and net profit will be the amount of leasehold insurance.

For example: A purchases from B for $2,400 a lease having two years to run; A subleases at a net profit (disregarding bonus) of $3,600 per annum; the insurance should be for $9,600, diminishing at the rate of $400 per month.

Third: Where a lease, which fire under certain conditions will terminate, has been executed for a term of years, or perhaps for only one year, and the property has been sub-let in whole or in part at a higher rental. Here the profit is apparent, being the difference between his rental and the rental received from his sublease. The policy (annual or term) should be written for the whole amount of such difference unless there is some expense of maintenance, such as a janitor or heat, to be deducted in order to arrive at the actual profit involved. This amount, when determined, is also subject to the further deduction indicated in the later example. No such lessee should be without insurance protection, for his profit is right there before him, yet subject to loss if fire cancels his lease. If the sub-lease did not cover the entire period of the original lease, the insurance might, nevertheless, be for the amount of difference for the entire period at the same ratio as the foregoing.

Fourth: Where a lessee is obligated to payment of rent even though the premises are rendered untenantable by fire.

Such cases are comparatively rare and usually require a special form to cover the particular conditions involved.

The following forms are in use where permitted by local rules. In some territories forms are mandatory and no others can be used. In such cases other forms will serve only as illustrations.

LEASEHOLD INTEREST FORM NO. 1

$....On leasehold interest (term of rent from (date (a)) to (date (b)) in the.....building, situate.....

It is understood and agreed that, if said building shall be totally destroyed by fire, occurring during the term and under the conditions of this policy, this Company shall pay the whole amount hereby insured, less a deduction of $....per month for the time that shall have elapsed between the date of (date (a)) and the date of occurrence of said fire. And in case of such damage by fire as shall, without total destruction, render said building untenantable, this Company shall pay at the rate of $....per month, to be computed from the date of such fire to the date when, by due

diligence, the said building could be repaired and rendered fit for occupancy; but in no case shall this Company be liable for a greater amount than the sum insured, nor for any loss other than that which may arise under said leasehold interest.

(Attach Lightning Clause, and other necessary clauses.)

LEASEHOLD FORM NO. 2

(*Excess Rental*)

$....On his leasehold interest in the.....building, situate .....

It is the intention of this insurance to indemnify the insured against loss of revenue from rents received in excess of the amount to be paid by him under a certain lease dated (date) for the term of twenty years, at the annual rental of $.....

It is understood and agreed that if fire, occurring during the term and under the conditions of this policy, totally destroys the above described building, or a sufficient part thereof to terminate the aforesaid lease under its terms, this Company shall be liable for the whole amount of this policy, which sum, however, shall be decreased at the rate of $....per month for such time as may have elapsed from the inception of the policy to the date of the fire.

In case of fire partially destroying the building, rendering it untenantable in whole or in part but not terminating the said lease, this company shall be liable to the insured for loss of excess rentals during the time necessary to restore the premises to a tenantable condition, in such proportion of $....per month as the excess rental of the untenantable portions bears to the excess rental of the entire building, both to be computed on an annual basis.

In the event of dispute as to the time required for restoring the said premises to a tenantable condition, such time shall be determined by appraisal in accordance with the conditions of the policy.

Note: Policy should be written for the amount of the excess rentals for the entire unexpired period of the leasehold.

LESSEE'S RENT FORM NO. 3

(*Portion of Premises Sublet*)

$....On his interest as lessee in the rents of the grade floor store of the.....building, situate.....

For the purpose of this insurance the annual rental received by the insured for the sub-lease of the grade floor store is estimated and fixed at the amount for which this policy is written.

It is understood and agreed that if fire, occurring during the term and under the conditions of this policy, totally destroys the above described building, this Company shall be liable to the insured for the amount of this policy without deduction; and if fire renders the grade floor store untenantable, but without destruction of the building or a sufficient part thereof to terminate the insured's lease under its terms, this Company shall be liable to the insured for the actual loss of rent ensuing therefrom, not exceeding the sum insured, nor 1/12th of that amount for any one month, or a proportionate amount if rendered partially untenantable; loss to be computed from the date of the occurrence of said fire, and to be determined by the time required, with ordinary diligence and despatch, to restore the grade floor store to a tenantable condition.

In the event of dispute as to the time required for restoring the said premises to a tenantable condition, such time shall be determined by appraisal in accordance with the conditions of the policy.

LEASEHOLD FORM NO. 4

On interest as Lessee of the premises occupied by him in brick building and additions, situate.....as per lease dated.....

It is understood and agreed that in case of the cancellation of the assured's lease of above premises, under the condition thereof, because or by reason of fire, this Company is to pay the amount of this policy.

It is understood and agreed that the lease may be cancelled by the lessor, if the property be substantially destroyed by fire and thereby rendered unfit for use and habitation.

Also that in case of such loss or damage, because or by reason of fire, without resulting in the cancellation of said lease, which renders the whole or any portion of said premises untenantable, so as to cause a loss to the assured of the benefits derived as Lessee of above premises, then this Company shall be liable for such loss or damage during the period of restoration or repair at the rate of $....per month for the whole premises, or an equitable proportion for a portion thereof and for the time necessary to repair or restore the above premises by using reasonable diligence and despatch, although the loss may be in part after this policy shall have expired.

It is further understood and agreed that this Company shall not be liable for any claim other than loss under said leasehold interest.

(Attach Lightning and other clauses.)

LEASEHOLD FORM

Note: The following form was used in a case where a brewery had purchased a leasehold for $3,000 and had sublet the building to a customer, who agreed to pay the rent designated in the lease, and also to repay to the brewery the $3,000 at the rate of $100 per month. The brewery's security was the leasehold, and if lease was terminated by fire it would risk losing such portion of the $3,000 as remained unpaid; hence the insurance.

$....On their interest in leasehold of building, situate.....

It is the intention of this insurance to indemnify the insured for money advanced to obtain the above leasehold, in case fire renders the above premises untenantable, and, in accordance with its terms, the said lease is for such reason terminated.

This policy shall decrease in amount at the rate of $100 for each calendar month beginning with (date) until exhausted.

(Attach Lightning Clause.)

(Attach Electric Light Clause.)

(Attach Mechanics' Permit.)

(Attach Kerosene Oil Stove Permit.)

LEASEHOLD FORM

$....On the insured's interest as hereafter defined in the premises held under lease and known as.....

The fire clause upon any such lease reads as follows:

"It is agreed between the parties hereto that this insurance shall cover the benefits to the insured of the occupancy under the aforesaid lease of the premises described herein consisting in part of any difference in stipulated rental and the cost of other suitable premises, and in part the estimated difference in net earning capacity of the business operated at the present location and at any other location where the business may be reestablished in case of cancellation of this lease because of fire or lightning."

This policy shall be decreased at the rate of $....per month from date hereof to date of any fire.

In case of fire damaging the premises but not cancelling the lease, this insurance shall be liable for the reduction of net earning capacity during the time necessary to restore the premises to tenantable condition, but not exceeding that proportion of $.... per month, by which the net earnings are reduced from the normal net earnings for the month(s) during which premises are not in a normally tenantable condition.

(Add other usual clauses.)

LEASEHOLD INTEREST INDEMNITY NON VALUED

(*S. E. U. A.*)

$....On the Insured's Leasehold Interest in the building(s) and additions, situate.....

It is a condition of this insurance that the term "Leasehold Interest" as used herein is defined as the increased rental value of the described building to the Insured in excess of the rental paid by him (or them) under a Lease date....., expiring on .....; and it is warranted by the insured that the following is a complete and correct copy of the Fire Clause in said Lease and that no change shall be made in the said Fire Clause without written notice to this Company.

(Insert Copy of Fire Clause in Lease.)

If Lease contains no Fire Clause check here....., in which event this insurance shall be subject to the law governing Leases of the State in which the described building(s) is situate.

It is a further condition of this insurance that commencing with the date of this policy, and extending throughout the term thereof, the amount for which this policy is written shall be automatically reduced at the rate of $....per month.

In case the building(s) described herein be so damaged or destroyed by fire or lightning, occurring during the term of this policy, as to result in cancellation of Lease in accordance with the Fire Clause therein (or in accordance with the State law in the absence of a Fire Clause), this Company shall be liable to the insured for the Actual Loss Sustained to the Leasehold Interest insured, not exceeding the amount of this policy remaining in force on the date of the fire as determined by the special terms and conditions of this contract.

In case the building(s) described herein be so damaged or destroyed by fire or lightning, occurring during the term of this policy, as to render the building(s) wholly untenantable but the Lease not being cancelled thereby, this Company shall be liable to the insured for the actual loss sustained to the Leasehold Interest insured, at the rate not exceeding $....per month (or if partially untenantable for a pro rata proportion thereof), for not exceeding such length of time (not limited by the date of expiration of this policy) as shall be required, with the exercise of due diligence and dispatch by the parties in interest other than this Company, to again render the damaged or destroyed buildings(s) fit for occupancy.

In no event, however, shall this Company be liable for an amount greater than the amount for which this policy is written, and it is a special condition of this insurance that in the event

of loss there shall be a deduction at the legal annual rate of interest from all payments made more than sixty (60) days in advance of the dates upon which the insured would have realized such increased rental value in the ordinary course of business had lease not been cancelled.

In case the insured and this Company are unable to agree as to any questions affecting the amount of loss under this policy, the same shall be determined by appraisers in the manner provided by the policy to which this form is attached, the provisions of which policy shall govern in all matters pertaining to this insurance.

In consideration of the reduced rate of premium for which this policy is issued, it is agreed that in the event of cancellation thereof the amount of return premium due the assured shall be the difference between the initial premium charged the assured and the premium earned by this Company computed on the average amount of this Company's liability during the time policy shall have been in force.

The following Leasehold Form is a modern one which has been the subject of much favorable comment and is believed to be the clearest, best and most equitable one yet devised.

LEASEHOLD FORM

1. On the interest of the insured as lessee of premises..... under lease dated.....and expiring.....

2. The conditions of said lease relating to damage to or destruction of the buildings by fire are as follows:

3. The term "interest of the insured as lessee" as used herein is defined:

Where premises are occupied by the insured: The difference between the rental value of such premises at the time of the fire and the actual rental payable therefor during the unexpired term of the insured's lease;

Where the premises are sublet: The difference between the total rent as fixed by the subleases in force at the time of the fire and the sum of the (a) total rent payable by the insured for the premises sublet and (b) any maintenance and operating charges of the insured, for the unexpired term of the insured's lease.

4. If by fire occurring during the term of this policy the premises above described are so damaged by fire as to cause the cancellation of the aforesaid lease in accordance with its terms and conditions as entered above, this insurance shall be liable for the actual loss sustained to the "interest of the insured as lessee," as above defined, pro rata with other insurance hereon, if any. Such loss shall not exceed the sum which placed at interest compounded annually at the rate of four per cent (4 per cent) per annum will be the equivalent term of the lease as such interest would have accrued monthly.

5. If said lease is cancelled in accordance with its terms, but the lessee remains in possession—as tenant at will under a new lease or otherwise—this Company shall be liable for the actual loss sustained by the insured to his interest as lessee, which loss shall not exceed the limit of liability as stated in paragraph 4.

6. If by fire occurring during the term of this policy the above described premises are damaged, which does *not* cause a cancellation of the lease in accordance with its terms and conditions, but does render the premises untenantable in whole or in part, this Company shall be liable for its pro rata proportion of the actual loss sustained by the insured to his interest as lessee, at the rate of not exceeding $....per month for total untenantability, or a pro rata proportion thereof for partial untenantability, for and during such time, but not beyond the expiration of the lease, as may be necessary with the exercise of reasonable diligence and dispatch to restore the premises.

7. The amount of this policy is automatically reduced throughout its term in the proportion that the interest of the insured as lessee decreases.

8. This policy shall be null and void if the lease herein referred to is altered or modified in any of its conditions that affect the liability of this Company under this policy, unless assented to by the Company in writing endorsed hereon.

9. In consideration of the special rate at which this contract of insurance is written, this policy shall not be cancelled by the insured for the purpose of rewriting same for term extending beyond the date of expiration named in this policy, nor for the purpose of rewriting same for a smaller amount at any time during the life of this policy. This provision, however, shall not prohibit the insured from recovering return premium on a short rate basis in the event of the termination of his leasehold interest from any cause.

EXPLANATION OF FOREGOING LEASEHOLD FORM

1. *Amount to be insured to cover loss caused by cancellation of lease.*

To cover loss caused by cancellation of lease, the amount of the policy should be the largest amount which could be collected under the terms of paragraph 4.

To illustrate this, assume that insurance is wanted on leasehold interest under a lease having ten years to run from the date the policy is issued, that the leasehold interest as we have defined it amounts to $100 per month, and that a fire which cancels the lease occurs at 12:01 P.M. on the date the policy is issued. $100 for 12 months is $1,200, and for 10 years, $12,000, and if the insured could collect $12,000 at once instead of monthly over the ten-year period, he would be materially overpaid. For true indemnity he should not collect more than the sum which at interest would produce for him, or be the equivalent of, the monthly leasehold interest collected each month during the remainder of his lease.

The number of dollars shown opposite each year, if invested at 4 per cent interest compounded annually, will be equivalent to the payment of $1.00 in the middle of each year for the number of years set opposite each amount. Thus $4,541 paid at the beginning would be the equivalent of paying $1.00 on July 1, for each of 5 years, which in turn is practically the equivalent of paying 1/12 of a dollar each month for 5 years.

1 year	$ .981	11 years	$ 8.9355
2 years	1.924	12 years	9.5725
3 years	2.8305	13 years	10.1855
4 years	3.7025	14 years	10.7745
5 years	4.541	15 years	11.3405
6 years	5.347	16 years	11.885
7 years	6.122	17 years	12.409
8 years	6.8675	18 years	12.9175
9 years	7.584	19 years	13.3965
10 years	8.273	20 years	13.862

Hence in the assumed example $8.273 (10 year equivalent) multiplied by 1200, making $9,927.60, is the amount of insurance to be carried, and this amount under the form would fully reimburse the insured.

If this term were, say, 10 years and 3 months, a result sufficiently close for the purpose of determining the amount of insurance would be reached by adding to the amount shown above, three times the "monthly leasehold interest" as entered in paragraph 6. Thus:

Insurance for 10-year term	$ 9,927.60
Insurance for 3 months—3 times $100	300.00
Amount of insurance	$10,227.60

2. *With relation to losses which do not cause the cancellation of the lease.*

In the paragraph of the form relating to losses which do not cause the cancellation of the lease, that is, paragraph 6, the monthly leasehold interest should be entered in the blank space in this paragraph. This will provide for the whole monthly leasehold interest, or a pro rata proportion thereof if the premises are rendered partially untenantable, for the time of such untenantability.

3. *Example illustrating Paragraphs 1 and 2:*

Rental value of part of building occupied by insured		$ 250.00
Rental obtained by insured from sub-tenants for remainder of building in accordance with subleases outstanding		350.00
		$ 600.00
Monthly rental under lease between insured and owner	$400.00	
Monthly expense for heating, janitor, etc.	100.00	500.00
Monthly leasehold interest as defined in policy form		$ 100.00
		x12

Yearly leasehold interest as defined in the form	$ 1,200.00
	x10
Leasehold interest for the remaining term of the lease as estimated above—10 years	$12,000.00
Present worth of these 1200 payments due in monthly installments extending over 10 years, as shown by application of compound discount table	$9,927.60,
which is the amount of insurance to be carried under form.	

4. *With relation to the Reduction Clause and the Basis for figuring premium.*

Assume the policy is written for three years on the leasehold interest described. One year after the issue of the policy the value of the insured's leasehold interest would be $7.584 x 1200, or $9,101.80; two years after it would be $6.867 x 1200, or $8,240.40; and at the end of the three-year period it would be $6.122 x 1200, or $7,346.40.

Premium should be figured on the average amount at risk at a rate determined by the rules in force in the territory in which the risk is located. In the case of the three-year policy above referred to, the average amount at risk is $8,637.00, reached as follows:

Amount of insured's leasehold interest at beginning of term	$ 9,927.60
Amount of same at end of three-year term	7,346.40
2)	$17,274.00
Average	$ 8,637.00

Under the usual forms the amount of insurance, the reduction and the average are figured as follows:

Amount of insured's leasehold interest at beginning of term	$12,000.00
Amount at end of three-year term (Deduct 36 x $100 = $3600)	8,400.00
2)	$20,400.00
Average for three-year term	$10,200.00

If the rate according to the rules in force where a risk is located is 1 per cent, and the term rule is 2½ times the annual rate, then the three-year premium under this form will be $215.92, whereas under the usual forms it would be $255.00. It will therefore be apparent that the advantage of using this leasehold form over that commonly used lies in the fact that full actual indemnity can be secured at a lower cost.

DIVISION XIII

USE AND OCCUPANCY, PROFITS AND COMMISSIONS INSURANCE—EXPLANATION AND ILLUSTRATIVE FORMS

These three kinds of insurance are of a kindred nature all being supplementary to the familiar property damage insurance; they are written under special forms attached to the standard fire, or tornado, or earthquake, or sprinkler leakage, or riot, civil commotion or explosion policies, as the case may be. For convenience reference hereafter will be only to losses as the result of fire, but all that is stated will be equally applicable to the other casualties mentioned. As the terms are commonly used these kinds of insurance may be defined as follows:

Use and Occupancy Insurance covers "earnings," specifically the earnings normally applied to net profits and such expenses as must necessarily continue; some forms include the purely "operating expense" of ordinary payroll to the extent necessary to resume normal business.

There are two kinds of Profits Insurance:

First, that which is included in the use and occupancy cover—namely, indemnity for loss of profits or earnings due to fire causing a suspension of business and consequent inability to use premises for their normal purpose.

Second, indemnity for loss of profits on finished stock, or on merchandise held for sale, by reason of its being damaged or destroyed by fire. A use and occupancy policy does not cover a loss of this nature.

Insurance of Commissions is also of two different kinds as defined in the preceding paragraph and covers commissions in place of profits.

Why Needed. Use and Occupancy Insurance, sometimes called Business Interruption Indemnity, has arisen because of the serious losses which fire entails that are not covered

under the familiar form of fire insurance policy. The latter covers only against direct loss or damage by fire to the property involved, yet the ensuing interruption of business is often more serious in its effect than the property loss. Even though every dollar of property damage is recovered, there still remains to be taken into account the loss of profits, because goods cannot be produced, sold or stored, and of expenses or fixed charges that continue despite the interruption or suspension of business.

It is essential for the average business to continue uninterruptedly, for trade quickly drifts away from the manufacturing concern that is not producing goods, or the mercantile concern whose doors are closed. The manufacturer makes his money by producing goods and selling them; if he cannot manufacture, it is useless to sell, therefore he must have the use of his factory else his business will largely cease and with it his chance of profit. The wholesale and retail merchant makes his money through being able to display goods and deliver them when sold. If he has no stock and no place from which to conduct business, or if he cannot steadily supply his customers, then they will quickly go to others dealers. Hotels are especially affected by having to close their doors for a time.

Therefore, fire interrupting the normal business of the manufacturer, merchant, or warehouseman, or other industry, whereby the production, or sale, or storage of goods, or use of premises, is diminished or suspended, causes not only the loss of profit derived from operation, but also loss through the expense of standing charges which cannot be escaped while the work of restoration is going on.

U. & O. Cover. It is at this point where the regular fire insurance drops the burden of loss that use and occupancy insurance picks it up and carries such burden until the premises can be restored to a productive condition, thus enabling the insured to keep his organization together without financial drain and also to maintain net earnings unimpaired. The cover is a broad one including not only net profits, but also those items of expense commonly referred to as fixed or maintenance charges that cannot be escaped during a period of forced suspension, also, under some forms, ordinary payroll (which in business generally is considered an operating expense).

An interesting incident occurred which graphically illustrates the value of use and occupancy insurance to a going concern. An agent, after lengthy explanation and arguments, sold use and occupancy to a manufacturer and as the interview was ending asked which of his representations had induced the purchase. The manufacturer replied: "Nothing that you said specifically. I bought it so that if fire destroys our plant I can say to our stockholders: 'Your dividends will go right on for we are protected by insurance against loss of earnings due to fire'."

For many years most use and occupancy forms provided for a per diem recovery based upon one year's estimated profits and fixed expenses; thus if fire necessitates a total suspension of normal operations the use and occupancy policy pays any loss sustained up to 1/300ths of the amount insured for each working calendar day of such suspension, or 1/365ths if business is operated daily as in the case of electric light plants, street railways, hotels and the like. In some cases where on a five-day week the limit is 1/250ths per diem. Where fire causes only partial interruption a proportionate amount is payable. In order to provide for those business enterprises where the earnings fluctuate quite widely as between the different periods of the year forms have been devised whereby the limit of liability per day may fluctuate for different stated periods.

These per diem forms did not fit the needs of all kinds of business, particularly as a full year's loss could not be sustained on certain items of cost, yet these were susceptible to loss during a short suspension; if included the cost of insurance was considerably enhanced while if excluded the loss would not be covered. Furthermore, the per diem form is inelastic whereas earnings may fluctuate sharply as between different days of the week, or different weeks or months of the year. This led to the adoption of the coinsurance form of use and occupancy which divides the cover into two parts:

1. Comprises the item of net profit and items of expense that would continue during total or partial suspension.
2. The item of ordinary payroll which, at the option of the insured, may be omitted entirely or included for a 90 days minimum period; some rating bodies permit specification of more than 90 days.

Work Sheets. There are many forms of schedules or work sheets in use for determining the amount of use and occupancy to be carried and the various items to be considered. Those which follow are considered typical and from them the relative amounts required under various forms (for use in writing use and occupancy) may be computed and compared.

COMBINATION PER DIEM, WEEKLY AND CONTRIBUTION USE AND OCCUPANCY WORK SHEET

(*This is not a part of the Policy Contract.*)

TO DETERMINE THE PROPER AMOUNT OF INSURANCE which should be carried, an estimate on an annual basis should be made of the net profits of the business, plus certain charges and expenses as outlined below.

SCHEDULE FOR COMPUTING AMOUNT OF INSURANCE NEEDED

1. Gross earnings for past twelve months based upon sales price of goods produced if a manufacturing plant, or upon sales if a mercantile or non-manufacturing establishment, in either case less prepaid charges, returns and allowances, cash discounts and bad accounts. $.....

2. Cost of merchandise, materials and supplies going into such product (or sales) including drayage and other handling charges on incoming goods, but not including any manufacturing labor or expense of any nature. $.....

3. Deduct No. 2 from No. 1 to determine GROSS PROFITS for past twelve months. $.....

4. Estimated increase or decrease..... $.....

5. Estimated GROSS PROFITS for coming year.... $.....

(*Continued on two following pages*)

CHARGES AND EXPENSES PERTAINING TO BUSINESS OF NEXT TWELVE MONTHS

EXPENSES	Column No. 1 Full amount of expenses if no fire occurs.	Column No. 2 Expenses that will not continue during suspension of business. *(See Note 6)*	Column No. 3 (difference between No. 1 and No. 2) That part of expense not avoidable and that will continue whether business is suspended or not.
6. Salaries and Wages (all annual) of			
(a) Officers	$	$ None	$
(b) Executives	$	$ None	$
(c) Department Managers	$	$ None	$
(d) Employees under Contract	$	$ None	$
(e) Salesmen	$	$ None	$
(f) Other important employees	$	$ None	$
7. Advertising	$	$	$
8. Automobile and truck expense, including depreciation and repairs	$	$	$
9. Collection costs	$	$	$
10. Credit information costs	$	$	$
11. Delivery service	$	$	$
12. Depreciation	$	$	$
13. Directors' fees	$	$	$
14. Dues and subscriptions	$	$	$
15. Heat and light	$	$	$
16. Insurance premiums	$	$	$
17. Interest on indebtedness, (bonds, mortgages, loans)	$	$	$
18. Office expense, including supplies generally	$	$	$
19. Pensions	$	$	$
20. Power	$	$	$
21. Professional services, (legal, medical, accounting, etc.)	$	$	$

22. Rentals	$	$	$
23. Repairs	$	$	$
24. Royalties	$	$	$
25. Taxes, (local)	$	$	$
26. Taxes, (federal and state)	$	$ None	$
27. Telegraph, telephone, postage	$	$	$
28. Traveling expenses of salesmen, buyers and executives	$	$	$
29. Any other expenses except ordinary payroll	$	$	$
30. Total of annual charges as described	$	$	$

31. Total annual charges as in item 30, column 1 ..... $
32. Insured's entire ordinary payroll except any included in item 6 ..... Add $
33. Full operating expenses ..... $

Computation for per diem or weekly form

34. Estimated gross profits (item 5) ..... $
35. Full operating expenses (item 33) ..... Subtract $
36. Net profits ..... $
37. Fixed charges and expenses (item 30, column 3) ..... Add $
38. Amount of insurance to be carried on per diem or weekly form (see notes 1 and 2) ..... $

Computation for coinsurance form (see Note 6)

Item 1 of Coinsurance form:

39. Gross profits (item 5) ..... $
40. Heat and Light (item 15, col. 1) ..... $
41. Power (item 20, col. 1) ..... $
42. Ordinary payroll (item 32) ..... $
43. Total of items 40, 41, 42 ..... Deduct $
44. Amount of insurance required if assured elects to exclude ordinary payroll ..... $

If insurance is desired under Item 2 of Coinsurance form.

45. Insured's entire ordinary payroll (except any salaries included in Item 6 of work sheet) for the period of 90 consecutive days (3 consecutive months) in which the ordinary payroll is largest ..... Add $
46. Amount of insurance required if assured elects to include 90 day ordinary payroll ..... $

Note 1. Divide this determined amount by 300 if the business is not operated on Sundays or holidays, or by 365 if the business operates every day, or 250 if operating on a 5-day week. This produces the proper per diem amount. This same method applies to the weekly limit form provided the weekly earnings are practically uniform throughout the entire year. The weekly form meets the requirements of those whose weekly business runs uniformly, but fluctuates greatly over different days of the week.

Note 2. If the form for fluctuating values is used (and most business shows fluctuating earnings), divide the year into periods measuring each level of earnings, and then employ the same method for determining the proper amount of insurance for each period.

Note 3. Only those expenses earned can be recovered. If a plant or a business is losing money, it is not earning all its expenses, therefore, in the event of a loss, only such portion of the fixed expenses as were being earned can be recovered.

Note 4. The particular feature of the coinsurance form is provision for payment of the full loss sustained without regard to daily limit, there being no per diem limit in this form. It is better cover for those businesses whose operations can not be fairly measured by any per diem standard, even though the rate is higher than for the per diem form. To recover full loss, of course, the total insurance must comply with the provision for 100 per cent insurance to value, or other per cent specified in form.

Note 5. The inclusion under coinsurance use and occupancy of ordinary payroll item No. 45 is optional with the assured. Under per diem and weekly forms, the assured must choose between including full annual ordinary payroll and entirely excluding the item from the cover. Under coinsurance forms, 90 days ordinary payroll is the amount employed, but it may be included or excluded as the assured desires.

Fixed Charges. The forms in use do not as a rule enumerate the nature of the fixed or maintenance charges that are to be covered under a use and occupancy policy, and due to the danger of some omission, it is a better contract for the insured not to have them stated. In order, however, to show the intent of the insured at the time of taking out use and occupancy insurance, it is considered a good plan to keep on file an accurate and detailed memorandum of the items which have been included, especially the maintenance charges, such memorandum being in the nature of an inventory.

Gross Earnings Form. Mercantile risks may use a form based on a percentage of the gross earnings of the business (50, 60, 70, 80%). Belief exists among many insurance people that development of earnings insurance has been retarded by the way it has been written and that this form will effect simplification. The chief theories behind the Gross Earnings Form are (a) under some conditions, any component item of a merchant's gross earnings can be the subject of loss, (b) it is unlikely that all components will be the subject of the same loss, (c) coverage of the entire gross earnings under a low-coinsurance form would prove acceptable to insured and company alike.

Note: Use of this form may be authorized later for other than Mercantile risks.

Relative Merits. Opinions vary regarding the relative merits of the various U & O forms. The per diem form costs less per $100 insurance, but it is difficult in many cases to estimate in advance how much the per diem recovery should be, even under fluctuating forms. It seems much simpler to estimate on an annual basis as called for by the Coinsurance (Contribution) and Gross Earnings forms. Indeed, in some important territories the use of the per diem form has been discontinued on the ground that the interests of the insured are better cared for by either the Weekly, the Contribution or the Gross Earnings form.

Guaranteed Amount. In some territories, for some classes of risks, provision is made for U & O insurance on the basis of a guaranteed amount of insurance in place of a stated percentage of the total U & O value.

COMBINATION WORKSHEET FOR MERCANTILE EARNINGS INSURANCE

The worksheet is intended to serve those clients who wish to see compared, under each of the three most commonly employed forms:

(a) The amount of Earnings Insurance needed.

(b) The premium (which can readily be computed with the aid of the rule book or Rating Office).

(c) The extent of protection provided.

Its use will appeal to merchants because Gross Earnings (Item 6) is an item of every merchant's accounting system.

Each computation is only a step or two from Gross Earnings.

1. Last year's Annual sales and other income of the business.

2. All discounts, returns and allowances from sales; commissions; delivery charges; prepaid freight.

3. (1 less 2) Net sales.

4. Cost to the insured of merchandise which he sold, including wrapping and packing materials.

5. (3 less 4) Margin or Gross Earnings of year past.

6. is a computation based on (5) plus the trend to show Estimated Gross Earnings of year immediately following the loss.

Weekly Forms

7. Expenses that will not continue during suspension of business.

8. (6 less 7) insurance needed under weekly forms.

There is no coinsurance clause but weekly limit for total suspension and partial suspension clause, these two constituting in effect a requirement for full insurance to value under penalty of contribution. The insurance pays, subject to the policy terms, net profits and continuing charges and expenses, to extent that these would have been earned had no fire occurred, amounting to, in case of "steady operations" form, not exceeding 1/52 of the policy amount for each full week of total suspension and not exceeding a proportionate amount for partial suspension and, in case of fluctuating operations form, not exceeding the limit designated for each week of the year, in total suspension and not exceeding a proportionate amount in partial suspension.

Contribution Forms

9. Annual ordinary payroll of the business.

10. Cost of heat, light and power.

11. (6 less 9 and 10) U & O value under Item I. Use either 80% or 100% as rule and rate require.

12. Highest 90 days value of ordinary payroll. (Inclusion of this—Item II of the form—is optional.)

13. (11 plus 12) Amount of insurance under Contribution form, Items I and II.

Insured must include in Item I entire gross earnings, except ordinary payroll, heat. light and power.

20% leeway is accorded by 80% coinsurance clause.

Insured should include in Item II (if he uses it at all—its use is optional) entire ordinary payroll for 90 days' highest ordinary payroll in year.

This contract contains no daily, weekly or monthly limit. The U & O loss suffered as result of the peril is settled in full if policy terms are abided by and sufficient insurance carried (90 days limit of payment under Item II).

Agreed Amount Clause is applicable but its value questionable.

Gross Earnings Form

14. Take 50%, 60%, 70% or 80% of Item 6.

Insured must include in the single item the chosen percentage of entire estimated Gross Earnings of year immediately following the loss or be a coinsurer.

No item is preconceded as "continuing." Loss adjustment decides necessity of continuance of any charge or expense after a loss.

For the time shown as necessary all continuing charges and expenses including ordinary payroll, also net profits of the business are, to the extent that the business would have earned them, paid in full if sufficient insurance is carried.

The policy is capable of exhausting itself in less than a year.

Agreed Amount Clause is applicable but its value questionable.

WORK SHEET

1. Trading income of year past....	$	
2. Other operating income.....	$	
3. Inventory at close of year.....	$	
4. Total of 1, 2, 3.....		$
5. Inventory at start of year.....	$	
6. Cost of Merchandise purchased..	$	
7. Other deductible items.....	$	
8. Total of 5, 6, 7.....		$
Deduct		
9. This gives Gross Earnings or Margin.....		$
10. Adjust item 9 for future Gross Earnings.... (according to business conditions)		$

If you use the Gross Earnings form, take 50%, 60%, 70% or 80% of Item 10.

If you use the Contribution form,
Begin with Item 10. Gross Earnings..... $
11. Ordinary annual payroll..... $
12. Heat, light and power..... $
13. Total of 11, 12..... $
Deduct
14. This is the full U & O value of Item 1 of the Contribution form
15. 80% of 14. This is the minimum amount of insurance to carry under Item I of the Contribution form $
16. 90 days' estimated highest ordinary payroll. This is the minimum amount of insurance to carry under Item 2 of the Contribution form. $

There are certain basic principles of value in considering use and occupancy insurance, among them the following:

Basis Annual Turnover. First, the unit of measure is one year whether profits are earned continuously at a fairly stable average throughout the year or concentrated into shorter periods as in the case of canneries or summer hotels. It is the annual turnover upon which insurance calculations are based.

A Contract for the Future. Second, use and occupancy insurance deals with the period of time the other side of the fire. It is the future not the past that is contemplated. The profits of a past period are of value in determining the amount of insurance to be carried or the loss to be paid only as the future may be expected to be a reflection of the past. The earnings may be greater or they may be less, and the true spirit of such insurance must take into account all the factors present at the time of the fire and all of those which reasonably may be forecast for a period of suspension in order to justify it as real indemnity rather than a business gamble or a battle of wits between the adjuster and the insured. It should be borne in mind, therefore, that it is a contract of indemnity with certain stated limits for it undertakes to pay for the specified losses sustained due to fire preventing the normal use of premises, whether such loss is of maintenance charges that can be proven or of

prospective profits that may only be arrived at in the light of reason.

The foregoing demonstrates that use and occupancy insurance is needed even though no profit has been made, if profits are expected in the future, and in any case maintenance charges must be considered.

Third, under the straight per diem form of policy the amount recoverable for any one day of total suspension is limited to 1/300th (or 1/365th) of the total amount of the insurance. This operates with a somewhat similar effect as the coinsurance or average clause. In other words, in order to sustain a total loss under a use and occupancy policy the insured must have a total suspension for a full business year and the value of the use and occupancy must be at least equal to the total amount of the insurance thereon. A similar condition exists in connection with straight weekly forms. Obviously the entire year's operations of a plant of fluctuating earnings might comprise a much shorter period in which a total loss might correspondingly be suffered.

Limit Per Diem. The insured is quite at liberty to carry as much or as little insurance as he likes, but whatever such amount may be he can only collect the stated proportion thereof for each day. To illustrate: If the value of Use and Occupancy is $30,000 per annum and insurance to that amount is maintained under per diem form. The maximum per diem payment will be 1/300th or $100; but if only $20,000 insurance is maintained, then, the maximum per diem payment will be 1/300th of such amount, or $66.66.

Coinsurance Application. Under the coinsurance form there is no per diem limit, therefore, recovery per day is not limited to any fraction of the total insurance. There is, however, a provision that the insurance shall be liable for no greater proportion of loss than the amount of insurance bears to the stated per cent of value of U & O carried. Hence, if the stated per cent of value covered be $30,000 and the total insurance $20,000, the latter would pay only 2/3rds of the loss. Therefore, if plant was completely shut down for 12 days and loss for some exceptional reason was shown to be $2,500 for that period, the insurance would pay $1,666.66. If, however, the insurance had been $30,000 it would have paid $2,500 for such loss.

The question is sometimes asked whether a U & O policy can be written with an indemnity period or more than one year. It can and was done to a considerable extent during the World War when several large concerns were using imported machinery which they might not have been able to replace within a period of one year. It is, however, unusual to write a policy with indemnity period of longer than one year because it is seldom that a suspension of operations would endure for longer.

It should be noted here that the coinsurance clause is usually attached to policies covering profits or commissions (referred to later) on merchandise for sale, or finished stock, for in this form of cover there is no stipulation for a per diem recovery.

Past Record. For a long time use and occupancy forms contained a clause reading something like this: "During a partial suspension the per diem liability under this policy shall not exceed that proportion of the per diem liability which would have been incurred by a total suspension, which the decrease in production bears to the full daily production at the time of the fire, *which shall be based upon the average daily production for ..... days of full operation next preceding the fire.*" In the forms later adopted over a wide territory, commonly known as the "uniform" forms, this condition has been changed by making the *italicized* paragraph read "due consideration being given to the experience of the business before the fire and the probable experience thereafter." This change was brought about through recognition of the fact that neither a total nor a partial loss could be settled wholly on the basis of past history expressed in units of weight measure, or dollars of value, and that to base it wholly upon past profits might prove inequitable because these vary so greatly that such a yardstick might work either against the insured or the company. There must inevitably be something left to the judgment of the two parties to the contract in adjusting a use and occupancy loss of any magnitude, for it is manifestly impossible to forecast the future earnings of any business except as an estimate. For this reason there has been some consideration given to the plan of adjusting U. & O. losses after business is resumed, since then all the factors are of more accurate and precise determination. The chief objection urged against this has been that the insured would then not have the use of the money to pay fixed charges, dividends, etc. It is sometimes possible to arrange a tentative adjustment and advance a part of the loss payment on account, thus accommodating and meeting the insured's requirements.

One of the questions that arises not infrequently is this: What shall be considered the cost of raw materials where use and occupancy is carried on one factory out of a number owned by the same concern, the other factories producing a part or all of such raw materials? For example: Three factories are located at different points all owned by the Universal Wheel Company. Plant A saws and dries wood ready for turning. Plant B turns spokes, hubs and rims. Plant C assembles and paints wheels for the trade. It is the practice of the concern to charge a profit of 20 per cent over costs at each factory and these costs per wheel are as follows:

Plant A—Raw material	$ .80
Labor and overhead	.40
Cost	$1.20
Profit	.24
Total	$1.44
Plant B—Raw material	$1.44
Freight, labor and overhead	.36
Cost	$1.80
Profit	.36
Total	$2.16
Plant C—Cost of Wood materials	2.16
Paint and Iron work	.14
Labor and overhead	.40
Cost	$2.70
Profit	.54
Selling Price	$3.24

In such case the actual cost to the Universal Wheel Company of the finished wheel is $2.10 and the profit thereon is $1.14, but said profit is distributed among the three plants. It would not be feasible to take out use and occupancy insurance only on plant C for the entire amount of this profit, because this would not give protection if plant A or B were destroyed by fire. The best way to protect the insured's interest would be to carry blanket use and occupancy insurance over all three plants as this brings the whole question of what is really a single loss of earnings within the compass of one contract. If, however, this is not practicable due to their location, or other reason, the next best method would be to maintain use and occupancy insurance on each plant separately and include in the form the following provision:

"It is understood and agreed that parts made and/or furnished to this factory by other plants of the insured shall be considered as costing this factory the price at which they are billed to it by such other plants."

Or the situation may be met by having a separate use and occupancy policy issued in each State and the condition of interdependency recognized and cared for by such a clause as the following:

"The plants of the assured in the States of New Jersey, Pennsylvania and Ohio situated as follows (giving the specific descriptions of each plant), are interdependent; this Company, therefore, in accordance with State laws, has issued a Standard Fire Policy in each of the above States covering Use and Occupancy at the above named plants respectively. It is a condition of this insurance, however, that in the event of claim arising, the amount of all such policies as to the per diem limit and total coverage, shall be applied over all of said plants collectively (regardless of at which of said plants fire may occur), the same as if one blanket policy had been written to cover all of said plants for one blanket amount."

Where per diem or weekly U & O insurance is written by more than one company on the same risk, care should be exercised to use the U & O Pro-rata clause which refers the proportion that the policy amount bears to the whole insurance, also the proportion of the per diem or weekly limit. Otherwise the amount of each company's policy and the daily limit should be stated in the form, rather than to have the form read for the whole amount of use and occupancy

insurance carried and the aggregate daily limit. This is true because the ordinary pro rata clause is not adapted to precisely defining each company's liability and daily limit. For example, assume $300,000 insurance on a 300 day basis, making a daily limit of $1,000. Policy for $30,000 is issued in company A with a pro rata clause reading: "This company covers a pro rata proportion of the following:" While it may be clear to insurance men that such language is intended to mean that company A covers for $30,000 with a limit of $100 a day, it has sometimes been disputed whether the pro rata clause applied both to the amount of insurance and the corresponding limit, or wholly to the amount of the insurance.

Where Use and Occupancy Insurance covers plants that are in two or more locations, it is not necessary to attach any distribution because the subject of the U & O insurance is not one plant or the other but the joint earnings of the enterprise.

In arriving at the amount of net profits upon which to base the amount of Use and Occupancy Insurance to be carried computation should be made as though there were no Federal Income Tax. If deducted from net profits such tax should be included in the fixed expense item.

About Finished Stock. Use and Occupancy Insurance usually specifies that loss is predicated on inability to use buildings, machinery and equipment and in the case of factories, raw materials. It is not intended to cover profits on stocks of finished goods because these have gone through the factory and can neither be benefited nor harmed, per se, by loss of the use of the factory. If such insurance is desired, the straight profits policy should be carried. If manufactured stock is destroyed, it might be considered that in order to indemnify the insured for loss caused by interruption of business an allowance should be made for the time necessary to manufacture stock with which to replace any finished stock on hand so that the insured's business as nearly as possible would be put back where it was immediately preceding the fire, but it is not the intent to cover that particular feature. The reason for this is that the property insurance would pay the damage to stock including the cost of manufacture up to the date of the fire and furthermore a certain portion of the fixed charges or expenses is

included in the adjustment of the property loss and if these were paid for under a U. & O. policy during the time of manufacturing reserve stock, it would be double indemnity. The forms now in general use specify that there shall be no loss during the time necessary to replenish finished stock, although they do provide for indemnity during the time factory might have been operated with the raw materials on hand at the time of the fire, if these cannot be replaced by the time buildings and machinery are restored to a productive condition. Also time for replacement of stock-in-process.

In the case of mercantile risks it is not necessary to carry both use and occupancy and profits insurance and usually it is not material whether the stock is included within the cover or not. The property insurance will pay the loss on goods damaged or destroyed and the U. & O. insurance will pay for the profits that would have been earned had not fire interrupted the normal use of the premises. Therefore, if full insurance is carried, there will be no loss to the insured except diversion of trade which is not covered in any case. If building, equipment and stock are covered, then the insurance is liable after restoration of the premises for the further length of time it will take to assemble and put goods on the shelves, but usually this is for such a short period that the recovery would be only a relatively small amount.

Who Needs. Use and Occupancy Insurance is especially needed by manufacturers of all classes of goods, particularly advertised brands, by large merchants, hotels, laundries, motion picture and other theatres, warehousemen and public utilities, such as electric light and power plants, gas works, street railways and telephone exchanges.

Use and Occupancy Insurance may be carried by the occupant of the building whether he is the owner or the tenant.

Outside Interests. Sometimes those other than the owner or occupant of factory may have an interest which is dependent on the uninterrupted production therein of finished goods; for example, the interests of a sales agent or a commission merchant, who will lose profits or commissions on the sale of goods if they cannot be delivered because of fire occurring in the factory. When protection of this kind

is desired, the insurance is written in the name of the sales agent or commission merchant, securing him against loss of profits or commissions due to the inability of the manufacturer, with whom he has a contract, to deliver goods because of the happening of a fire. Sometimes such a policy specifies that the profits or commissions to be recovered shall be a stated percentage of the amount of the cost or selling price of goods that would normally have been produced by the factory but for the fire.

Another form of indemnity is where John Doe has a contract with Richard Roe for a certain amount of goods which Doe must receive regularly in order to carry on his own business. If Roe cannot deliver them, Doe must go into the open market and buy similar goods. In such case, the policy to Doe agrees to indemnify him for the estimated difference between contract price and market price, in case Roe cannot produce and deliver goods because of a fire in his factory.

While Use and Occupancy Insurance customarily includes both loss of profit and loss of maintenance and expenses either may be insured without the other if so desired.

Short Rate. Where Use and Occupancy Insurance is desired for a short term, as in the case of a store during November and December to cover extra value because of holiday trade, the short rate table cannot properly be applied in the same manner as in computing the premium on ordinary fire insurance. The rule should be to compute one year's Use and Occupancy Insurance at the rate of per diem recovery stated, calculate the premium thereon and take the short rate of such annual *premium* for whatever period, less than one year, that the policy is to be written.

For example, assume that U. & O. insurance is desired for three months (75 working days), with a recovery of $100 for each working day, the annual rate being 60 cents; then, 300 working days × $100 per day = $30,000 for one year, and at 60 cents the premium per annum is $180. The short rate for three months is 40 per cent of the annual, and the premium for three months will be $72; therefore, the policy in such case will be written for $7,500 (75 working days at $100 per day), and the premium will be $72.

If the usual method were followed of taking the short rate of the 60 cent annual rate, which would be 24 cents for three months, and multiplying this by the $7,500 insurance,

the premium would be only $18; this would manifestly be wrong, for on this basis U. & O. insurance might be placed quarterly, and in a year the premium would be only $72 (4 times $18), instead of the correct annual premium of $180.

Profits or Commissions Insurance. Reference has been made in the foregoing to a straight profit policy on finished goods. The familiar form of fire insurance policy covering merchandise undertakes only to pay the cost of reproduction or replacement and therefore does not include anything beyond a strict property damage. There are conditions under which profits or commissions will be lost and cannot be regained if merchandise is destroyed; such loss is a proper subject of insurance. The owner of goods may insure against loss of profits of goods that are manufactured and held for sale or that are sold and awaiting shipment and may recover roughly the difference between replacement cost and selling price. Commission merchants selling goods of others often insure against loss of profits or commissions on goods held for sale or goods sold but not delivered while contained on their own or another's premises.

Various forms are in use and illustrations will be found among those printed hereafter. Sometimes such a form stipulates that the recovery shall be a fixed percentage of the selling price, or the recovery may be the difference between the manufacturing cost laid down in a given warehouse and the selling price less maximum discounts, or recovery may be not to exceed some stated percentage of any amount of loss ascertained or fixed under the insurance covering the property damage to the stock. Some of the newer forms omit any stated percentage and leave the matter wholly to adjustment in case of loss. The theory of basing the loss of profits on the adjusted property loss is predicated on the thought that the owner should not have opportunity to recover his profits on the entire value of the stock covered and then make an additional profit on the sale of the salvage. In theory, the same profit may be made on sale of the salvage as would have been made on the goods had no fire occurred.

The foregoing and many other instances which might be cited show the wide field that exists for the sale of insurance against indirect losses resulting from fire and as previously stated from other casualties which are assumed under special forms of policies by fire insurance companies.

The permits and clauses to be attached to Use and Occupancy, Profits and Commissions policies are those (so far as they apply to the subject of insurance) which would be attached to the ordinary fire policy covering the class of property on which the Use and Occupancy, Profits and Commissions are based except in cases where modified wording has been adopted better to meet the U & O requirements.

In general, they are those affecting interest, title or possession, and increase of hazard, such as Special Agreements Nos. 1, 2, 3, 4, 5, 6, 7 and 13; also, when applicable, permits for Lightning, Mechanics, and the use of Gasoline or Acetylene devices, etc., or the use or operation of anything else which may be held to increase the hazard.

The forms which follow will serve perhaps better than any explanation to illustrate the character and extent of the cover for these classes of insurance:

USE AND OCCUPANCY FORM NO. 1

(FOR USE ON EITHER FIRE OR TORNADO POLICIES)

For Manufacturing Plants in Steady Operation

"Straight U. & O."

This policy covers, subject to all its terms and conditions, the Use and Occupancy of the property described below:

The conditions of this contract are that if the building(s) situate .....(Here give street number, or lot or block number or Township, section and range)..... and occupied as.....and/or machinery and/or equipment and/or Raw Stock contained therein (Strike out "and/or Raw Stock" if rate used does not contemplate raw stock coverage), be destroyed or damaged by fire occurring during the term of this policy so as to necessitate a total or partial suspension of business, this company shall be liable under this policy for the Actual Loss Sustained, for not exceeding such length of time as would be required with the exercise of due diligence and dispatch, to rebuild, repair or replace such part of the property described as covered by this policy as has been destroyed or damaged, commencing with the date of the fire and not limited by the date of expiration of this policy, to wit:

I. Net profits on the business which is thereby prevented.

II. Such charges and other expenses as must necessarily continue during a total or partial suspension of business, to the extent only

that such charges and expenses would have been earned had no fire occurred;

III. Such expenses as are necessarily incurred for the purpose of reducing the loss under this policy; for not exceeding, however, the amount by which the loss covered is thereby reduced.

TOTAL SUSPENSION CLAUSE: The per diem liability under Items I and II of this policy during the time of total suspension of business of all the properties described herein shall be limited to the "Actual Loss Sustained," not exceeding:

(a) 1/*.....th of the amount of this policy for each business
(insert 250)
day, if during the period of total suspension, the business would have operated not more than five days per week, and the period for which this company is liable in any week shall not exceed five days, due consideration being given to the experience of the business before the fire and the probable experience thereafter.

(b) 1/*.....th of the amount of this policy for each business
(insert 300)
day, if during the period of total suspension, the business would have operated not more than six days per week, and the period for which this company is liable in any week shall not exceed six days, due consideration being given to the experience of the business before the fire and the probable experience thereafter.

(c) 1/*.....th of the amount of this policy for each business
(insert 365)
day, if during the period of total suspension, the business would have operated more than six days per week, due consideration being given to the experience of the business before the fire and the probable experience thereafter.

*Insert the amount designated in parentheses under one item only; the other two items remaining blank shall be of no force and effect.

Note: For Information Only—In the case of business being operated not exceeding five days per week insert "250" in (a); if not exceeding six days per week insert "300" in (b); if more than six days per week insert "365" in (c).

PARTIAL SUSPENSION CLAUSE: The per diem liability of this company under Items I and II of this policy during the time of a partial suspension of business shall be limited to the "Actual Loss Sustained" by the insured, not exceeding that proportion of the per diem liability under said Items that would have been incurred by this company by a total suspension of business, which the actual per diem loss sustained under said Items during the time of such partial suspension, bears to the per diem loss which would have been sustained by the insured under said Items by a total suspension of business, for the same time, of all properties described herein, due consideration being given to the experience of the business before the fire and the probable experince thereafter.

DEFINITIONS, "RAW STOCK," "STOCK-IN-PROCESS," "FINISHED STOCK," "DAY," "WEEK":

(a) The term "Raw Stock," wherever used in this contract shall be construed to mean materials and supplies usual to the insured's business in the state in which the insured received them.

(b) The term "Stock-in-Process," wherever used in this contract shall be construed to mean, "Raw Stock" which has undergone any aging, seasoning, mechanical or other process of manufacture at the above location, but which has not become "finished stock."

(c) The term "Finished Stock," wherever used in this contract shall be construed to mean any stock which in the ordinary course of the insured's business is ready for packing, shipment or sale.

(d) The word "Day," however modified, wherever used in this contract shall be construed to mean twenty-four consecutive hours.

(e) The word "Week," however modified, wherever used in this contract shall be construed to mean seven consecutive calendar days.

STOCK-IN-PROCESS: This policy, subject to all its conditions, and/or limitations, and without increasing the amount of said policy, shall include such additional time, if any, not exceeding thirty (30) business days, as may be required with the exercise of due diligence and dispatch to replace and/or restore any stock-in-process damaged or destroyed, while in the above described buildings, or in the open on premises above described, and/or to restore said stock-in-process to the same state of manufacture in which it stood at the time of the fire.

RAW STOCK: If liability for suspension of business due to damage to or destruction of raw stock is specifically assumed hereunder, such liability shall be limited to that period of time for which the damaged or destroyed raw stock would have made operations possible.

RESUMPTION OF OPERATION AND USE OF OTHER PROPERTY: As soon as practicable after any loss, the insured shall resume complete or partial operation of the property herein described and shall make use of other property, if obtainable, if by so doing the amount of loss hereunder will be reduced, and in the event of the loss being so reduced such reduction shall be taken into account in arriving at the amount of the loss hereunder.

SURPLUS EQUIPMENT AND SUPPLIES: Surplus machinery or duplicate parts thereof, equipment or supplies, and surplus or reserve raw stock or stock-in-process which may be owned, controlled or used by the insured, shall, in the event of loss, be used in placing the property in condition for continuing or resuming business.

LIGHTNING AND ELECTRICAL APPARATUS CLAUSE: (This Clause void as to Tornado Insurance)

(a) Except as hereinafter provided, this policy shall cover Use and Occupancy loss resulting directly from damage to the property described as covered, caused by lightning, meaning thereby the commonly accepted use of the term Lightning, and in no case to include damage by cyclone, tornado or windstorm.

(b) This company shall not be liable for any Use and Occupancy loss resulting from any electrical injury, disturbance or damage to dynamos, exciters, lamps, switches, motors or other electrical appliances or devices whether from artificial or natural causes, unless fire ensues and then only for such Use and Occupancy loss caused by such ensuing fire.

(c) Liability under the above Lightning and/or Electrical Apparatus Clause, shall be subject to all the terms and conditions of this form and the policy to which it is attached, and if there is any other Use and Occupancy Insurance on said property, this company shall be liable only pro rata with such other insurance for Use and Occupancy loss caused by lightning, whether such other insurance be against loss by lightning or not.

APPRAISAL CLAUSE AND GENERAL POLICY CONDITIONS AND PROVISIONS: In case the insured and this company are unable to agree as to the value of the subject of this insurance, and/or the amount of loss thereon, and/or the time necessary to rebuild, repair or replace the premises and/or buildings and/or structures and/or machinery and equipment, and/or stock if liability due to damage to or destruction of stock be included, the same shall be determined by appraisal in the manner provided by this policy. The conditions and provisions of this policy shall govern in all matters pertaining to this insurance except as herein otherwise stipulated.

SPECIAL EXCLUSIONS: This company shall not be liable for any loss resulting from damage to or destruction of finished stock, nor for the time required to reproduce any finished stock which may be damaged or destroyed, nor for any loss which may be occasioned by any ordinance or law regulating construction or repair of buildings, nor by suspension, lapse or cancellation of any lease or license, contract or order, nor for any other consequential loss, nor for any remote loss.

LIMIT OF LIABILITY: The liability under the respective Items of this policy shall not exceed the amount of insurance thereunder, nor a greater proportion of any loss than the insurance thereunder shall bear to all insurance, whether valid or not, and whether collectible or not, covering in any manner the loss insured against by the respective Items of this policy.

In the event of the insurance hereunder being reduced by payment of loss, such reduction shall apply only to the amount of the policy, the daily limit of liability being unaffected thereby.

Other insurance permitted.

Permission granted to operate at night later than ten (10) o'clock P. M.

Permission granted for mechanics to be employed for more than fifteen (15) days in making alterations, improvements and repairs to any building herein described, and in constructing additions or sheds which attach to and communicate with such building, and it is a condition of this insurance that this policy is extended to cover the Use and Occupancy value of such attached and communicating additions and sheds to said building; but if any building herein described is protected by automatic sprinklers, this permit shall not be held to include the reconstruction or the enlargement of any building so protected, without the consent of this company in writing. This permit does not waive or modify any of the terms or conditions of the Automatic Sprinkler Clause (if any) attached to this policy.

Permission granted for such use of the premises as is usual and incidental in the business, as conducted therein, of.....

.....

State Kind of Business

and to keep and use all articles and materials usual and incidental to said business, in such quantities as the exigencies of the business require.

If this form is attached to a Tornado Policy, this company shall not be liable for any Use and Occupancy loss resulting from damage to or destruction of metal smokestack, unless otherwise provided for by endorsement hereon and additional premium paid therefor.

When attached to a Tornado Policy, wherever the word "fire" apears in this form, it shall be construed to mean tornado, cyclone or windstorm.

USE AND OCCUPANCY FORM—MINING PLANTS
(FOR USE ON EITHER FIRE OR TORNADO POLICIES)

(Mining Property)

"Straight U. & O."

Note: This form differs from No. 1 only by addition of the following:

This insurance does not extend to cover any loss or damage by reason of fire in mine or mines or by reason of the disturbance of any property underground, unless by reason of such fire any superstructure above ground may be damaged or destroyed, and then only for the loss that would be occasioned by the time it would take to repair or to replace such structure or structures.

This policy applies only to the buildings and machinery that contribute to the production of the mining plant, and all storehouses and contents, commissaries and contents, and dwellings and contents, are excluded unless specifically provided for herein.

USE AND OCCUPANCY FORM NO. 5

(FOR USE ON EITHER FIRE OR TORNADO POLICIES)

For Mercantile or Non-Manufacturing Risks Having Seasonal Operations or Fluctuating Earnings

This form differs from No. 1 only as follows:

(1) In the matter of the seasonal operations:

PRO RATA CLAUSE: The amount for which this policy is issued applies pro rata to each of the following per diem amounts in the proportion that the amount of this policy bears to the aggregate of said per diem amounts multiplied by the respective number of days during which each applies.

TOTAL SUSPENSION CLAUSE: The per diem liability under Items I and II of this policy during the time of total suspension of business of all the properties described herein shall be limited to the "Actual Loss Sustained," not exceeding the amounts designated for each business day of the respective periods defined in the following table and during no other time, due consideration being given to the experience of the business before the fire and the probable experience thereafter.

For each business day

(Month-Day)		(Month-Day)		
from.....	to the following.....	(incl.) $.....		
"	" " "	.....	"	.....
" Etc.....	" " "	Etc.....	"	Etc.....

NOTE: The liability under the policy for total suspension of business for an entire policy year shall be the same whether such suspension be caused by several fires occurring at different periods of the year or by a single fire.

(2) In the matter of being mercantile and non-manufacturing:

Raw stock not mentioned in the opening paragraph.

The definitions, (a), (b), (c) and (e) are eliminated.

The following clause takes the place of the Stock-In-Process and Raw Stock Clauses:

STOCK: This policy, subject to all its terms, conditions, and/or limitations, and without increasing the amount of said policy, shall include such additional time, if any, not exceeding thirty (30) business days, (if rate used, contemplates full cover for Use and Occupancy loss caused by damage to stock, strike out, "not exceeding thirty (30) business days"), as may be required with the exercise of due diligence and dispatch, to replace any stock damaged or destroyed while in the above described building, or in the open on premises above described, and/or to restore the same to the same condition in which it stood at the time of the fire.

Reference to finished stock in the Special Exclusions Clause is deleted.

Note: The Weekly forms are very similar to the Per Diem forms, dividing the year however by 1/50 or 1/52 (according to operations being carried on or not on Sundays and holidays).

The prominent departures from Form No. 1 are given below; it should be remembered that other wording too may vary slightly with no change of meaning.

Mississippi Form No. 144-B.
New Form October 15, 1938.

USE AND OCCUPANCY—BUSINESS INTERRUPTION INSURANCE

Weekly Form For Manufacturing Plants In Steady Operation

I. Net profit which is thereby prevented from being earned.

II. Such charges and other expenses, including salaries of officers, executives, department managers, employees under contract and other important employees, as must necessarily continue during a total or partial suspension of business, to the extent only that such charges and expenses would have been earned had no fire occurred.

2. EXPENSE TO REDUCE LOSS—This policy also covers such expenses as are necessarily incurred for the purpose of reducing any loss under this policy (except expense incurred to extinguish the fire), not exceeding, however, the amount by which the loss under this policy is thereby reduced.

3. TOTAL SUSPENSION CLAUSE—The liability per week under Items I and II of this policy during the time of total suspension of business of all of the properties described herein shall be limited to the actual loss sustained, not exceeding 1/50 of the amount of this policy for each business week of such suspension, except in the case of business being operated on Sundays and holidays, in which event the said weekly liability shall not exceed 1/52 of the amount of this policy for each business week of such suspension.

4. PARTIAL SUSPENSION CLAUSE—The liability per week of this Company under Items I and II of this policy during the time of a partial suspension of business shall be limited to the actual loss sustained by the insured, not exceeding that proportion of this Company's maximum liability per week, as provided by the preceding paragraph, which the actual loss per week sustained by the insured under said Items during the time of such partial suspension, bears to the loss per week which would have been sustained by the insured under said Items during a total suspension of business, for the same time, of all the properties described herein.

5. In determining the actual loss sustained, covered under this policy, or the loss per week which would have been sustained by the insured by the total suspension of business, due consideration shall be given to the experience of the business before the date of loss and the probable experience therafter.

9. INTERRUPTION BY CIVIL AUTHORITY—This Company shall be liable for actual loss sustained, as covered hereunder, during the period of time, not exceeding one week, while access to the premises described is prohibited by order of civil authority, but only when such order is given as a direct result of fire in the vicinity of said premises.

Note: The seasonal feature in Weekly U & O is cared for much in the same manner as in Per Diem U & O. Only the portions affecting this are given in the following form:

USE AND OCCUPANCY—BUSINESS INTERRUPTION INSURANCE

Weekly Form for Manufacturing Plants Having Seasonal Operations or Fluctuating Earnings

Form No. 144-C. (Revised 3-38.) S. E. U. A.

3. PRO RATA CLAUSE—The amount for which this policy is issued applies pro rata to each of the following weekly amounts in the proportion that the amount of this policy bears to the sum of the amounts determined by multiplying each weekly amount by the respective number of weeks during which it applies.

4. TOTAL SUSPENSION CLAUSE—The liability per week under Items I and II of this policy during the time of total suspension of business of all of the properties described herein shall be limited to the actual loss sustained, not exceeding this Company's pro rata part of the amount designated for each week of the respective periods defined in the following table and during no other time.

FOR EACH WEEK (MONTH-DAY)	(MONTH-DAY)	PER WEEK
from.....	to the following..... (incl.)	$.....
"	" " "	" .....
" Etc.....	" " " Etc.....	" Etc.....

5. PARTIAL SUSPENSION CLAUSE—The liability per week of this Company under Items I and II of this policy during the time of a partial suspension of business, shall be limited to the actual loss sustained by the insured, not exceeding that proportion of this Company's maximum liability per week, as provided by the preceding section (4), which the actual loss per week sustained by the insured under said Items during the time of such partial suspension, bears to the loss per week which would have been sustained by the insured under said Items by a total suspension of business, for the same time, of all properties described herein.

6. In determining the actual loss sustained, covered under this policy, or the loss per week which would have been sustained by the insured by the total suspension of business, due consideration shall be given to the experience of the business before the date of loss and the probable experience thereafter.

Note: This New York form is typical of Eastern forms, therefore quite similar to the two preceding examples. It will be seen to have much in common with the Per Diem non-manufacturing seasonal form. Where clauses are as in preceding forms, their title only is given.

FORM F

USE AND OCCUPANCY—BUSINESS INTERRUPTION INSURANCE

Weekly Form for Mercantile or Non-Manufacturing Risks Having Seasonal Operations or Fluctuating Earnings

Amount $.....on the Use and Occupancy of the property described below.

1. The conditions of this contract are that if the building(s) situate .....
and occupied as.....
or machinery or equipment contained therein (for stock see paragraph 8) be destroyed or damaged by fire occurring during the term of this policy so as to necessitate a total or partial suspension of business, this Company shall be liable under this policy, subject to the following conditions and limitations, for the actual loss sustained for not exceeding such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the property described as covered by this policy as has been destroyed or damaged, commencing with the date of the fire and not limited by the date of expiration of this policy, to wit:

I. Net profit which is hereby prevented from being earned;

II. Such charges and other expenses, including salaries of officers, executives, department managers, employees under contract and other important employees, as must necessarily continue during a total or partial suspension of business, to the extent only that such charges and expenses would have been earned had no fire occurred.

2. EXPENSE TO REDUCE LOSS: This policy also covers such expenses as are necessarily incurred for the purpose of reducing any loss under this policy (except expense incurred to extinguish the fire), not exceeding, however, the amount by which the loss under this policy is thereby reduced.

3. PRO RATA CLAUSE: The amount for which this policy is issued applies pro rata to each of the following weekly amounts in the proportion that the amount of this policy bears to the sum of the amounts determined by multiplying each weekly amount by the respective number of weeks during which it applies.

4. TOTAL SUSPENSION CLAUSE: The liability per week under Items I and II of this policy during the time of total suspension of business of all the properties described herein shall be limited to the actual loss sustained not exceeding this Company's pro rata part of the amount designated for each week of the respective periods defined in the following table and during no other time.

(Month-Day) For Each Week		(Month-Day)		(Per Week)
from.....	to the following.....		(incl.)	$.....
"	" "	"	"	.....
" Etc.....	" "	" Etc.....	"	Etc.....

5. PARTIAL SUSPENSION CLAUSE: The liability per week of this Company under Items I and II of this policy during the time of a partial suspension of business, shall be limited to the actual loss sustained by the insured, not exceeding that proportion of this Company's maximum liability per week, as provided by the preceding Section (4), which the actual loss per week sustained by the insured under said Items during the time of such partial suspension, bears to the loss per week which would have been sustained by the insured under said Items during a total suspension of business, for the same time, of all properties described herein.

6. In determining the actual loss sustained, covered under this policy, or the loss per week which would have been sustained by the insured by the total suspension of business, due consideration shall be given to the experience of the business before the date of loss and the probable experience thereafter.

7. DEFINITION OF "WEEK" AND "NORMAL": The word "week" however modified, wherever used in this contract shall be construed to mean seven consecutive calendar days.

The word "normal" however modified, wherever used in this contract shall be construed to mean the condition that would have existed had no fire occurred.

8. STOCK: This policy, subject to all its conditions and limitations, and without increasing the amount of said policy, shall include such additional time, if any, not exceeding thirty (30) consecutive days, as may be required with the exercise of due diligence and dispatch, to replace any stock damaged or destroyed while in the above described building(s), or in the open on premises above described, or to restore the same to the same condition in which it stood at the time of the fire.

9. INTERRUPTION BY CIVIL AUTHORITY: This Company shall be liable for actual loss sustained, as covered hereunder, during the period of time, not exceeding one week, while access to the premises described is prohibited by order of civil authority, but only when such order is given as a direct result of fire in the vicinity of said premises.

10. RESUMPTION OF OPERATION AND USE OF OTHER PROPERTY: As soon as practicable after any loss, the insured shall resume complete or partial operation of the property herein described and shall make use of other property, if obtainable, if by so doing the amount of loss hereunder will be reduced and, in the event of the loss being so reduced, such reduction shall be taken into account in arriving at the amount of the loss hereunder.

11. SURPLUS EQUIPMENT AND SUPPLIES: Surplus machinery or duplicate parts thereof, equipment or supplies, and surplus or reserve stock, which may be owned, controlled or used by the insured, shall, in the event of loss, be used in placing the property in condition for continuing or resuming business.

12. LIGHTNING AND ELECTRICAL APPARATUS CLAUSE:

13. APPRAISAL CLAUSE: In case the insured and this Company are unable to agree as to the value of the subject of this insurance, or the amount of loss thereon, or the time necessary to rebuild, repair or replace the property described as covered by this policy, the same shall be determined by appraisal in the manner provided by this policy.

14. SPECIAL EXCLUSIONS: This Company shall not be liable for any loss which may be occasioned by any ordinance or law regulating construction or repair of buildings or by the suspension, lapse or cancellation of any lease or license, contract or order, or for any other consequential loss, nor for any remote loss.

15. LIMIT OF LIABILITY: The liability under this policy shall not exceed the amount of insurance hereunder, nor a greater proportion of any loss than the insurance hereunder shall bear to all insurance, whether valid or not, and whether collectible or not, covering in any manner the loss insured against by this policy.

In the event of the insurance hereunder being reduced by payment of loss, such reduction shall apply only to the amount of the policy, the limit of liability per week being unaffected thereby.

16. Other insurance permitted.

17. Permission granted to operate at all hours.

18. ALTERATIONS AND REPAIRS PERMIT:

19. WORK AND MATERIALS CLAUSE:

Note: Now we come to the Contribution or Coinsurance Forms, which have no per diem or weekly limit of liability and in consequence are, in the same wording, adaptable to risks of either steady or fluctuating operations. In some territories (East and South for example) 80 per cent coinsurance is mandatory; in others (Middle West) 80 per cent or 100 per cent may be used.

Uniform Standard Missouri—Advisory

FORM NO. 193-L
(Edition Aug. '35)

USE AND OCCUPANCY

(For Use on Either Fire or Tornado Policies)

Standard Contribution Form for Manufacturing Risks

This policy being for $.....covers its pro rata proportion of and on the following amounts:

This policy covers, subject to all its terms and conditions, the Use and Occupancy of the property described as follows:.....
.....
occupied by the insured as.....
situated .....
City or Town of.....State of Missouri.

If the building(s) and/or structures and/or machinery and equipment and/or Raw Stock contained therein (Strike out "and/or Raw Stock," if rate used does not contemplate raw stock coverage) be destroyed or damaged by fire occurring during the term of this policy so as to necessitate a total or partial suspension of business, this company shall be liable under this policy for the actual loss sustained, for not exceeding such length of time as would be required with the exercise of due diligence and dispatch, to rebuild, repair or replace such part of the property described as covered by this policy as has been destroyed or damaged, commencing with the date of the fire and not limited by the date of expiration of this policy, to wit:

Item I. $..On (a) the net profit which is thereby prevented from being earned and
(b) such charges and other expenses, including salaries of officers—executives—department managers—employees under contract and other important employees, as must necessarily continue during a total or partial suspenpension of business, to the extent only that such charges and expenses would have been earned had no fire occurred.

This Item (I) covers expense of necessary heat, light or power, the cost of which is prevented from being earned during the time of total or partial suspension of business caused by fire. This Item (I) does not cover any portion of the insured's ordinary payroll described in Item II.

Item II. $..On the insured's entire ordinary payroll for a period of time of not in excess of 90 consecutive days immediately following loss or damage by fire which may continue during a total or partial suspension of business, covering only to the extent necessary to resume the normal business of the insured with the same quality of service which existed immediately preceding the fire, and which would have been earned had no fire occurred.

This Item (II) does not cover any portion of salaries described in Item (I).

Liability under this Item (II) including time, if any, to replace stock in process and/or raw stock which may be damaged or destroyed shall not extend for more than 90 days after loss or damage by fire.

Items I and II cover such expenses as are necessarily incurred for the purpose of reducing any loss under this policy, not exceeding, however, the amount by which the loss covered is thereby reduced, it being a condition that if this policy covers Use and Occupancy loss described under both Items (I and II), the said expenses shall be apportioned to these Items in the proportion that the reduction in amount of liability of this company under each Item bears to the total reduction of liability under both Items.

However, if this policy covers Use and Occupancy loss described under one of these two Items (I and II) only, and there be any other insurance covering the Use and Occupancy loss described under the other Item, the proportion of said expenses assumed under the Item covered by this company shall not exceed that proportion of said expenses that the amount of reduction of liability of this company under the covered Item bears to the total reduction of liability under both Items.

The amount of net profit and/or charges and expenses covered under Item I or Item II, shall be determined, whether for the purpose of ascertaining the amount of loss sustained or for the application of the Contribution Clause, by giving due consideration to the experience of the business before the fire and the probable experience thereafter.

CONTRIBUTION CLAUSE: In consideration of the rate and form under which Items I and II of this policy are written, this company shall be liable, in event of loss, for no greater proportion thereof than the amount hereby covered under each respective Item, bears to,

(a) Under Item I,.....% of the sum of the annual net

Insert 100 or 80

profits and of the annual amount of all charges and other expenses (except the expense of the insured's entire ordinary payroll, the expense of heat, light and power and the expense incurred for purpose of reducing any loss under this policy) that would have been earned (had no fire occurred) during the twelve (12) months immediately following loss or damage by fire, whether or not said charges and other expenses necessarily continue during a total or partial suspension of business.

(b) Under Item II,.....% of the insured's entire ordinary
Insert 100 or 80
payroll, excluding only salaries described in Item I, which would have been earned (had no fire occurred) during the ninety (90) consecutive days immediately following loss or damage by fire

Note: For the rest of the form compare the Per Diem Steady Manufacturing Form No. 1 beginning with the Definitions paragraph.

Note: This Middle Department (Penna., Md.), etc., form is typical of wording of similar forms used throughout U. S., except those of Middle West. It is printed rather completely to illustrate the difference just referred to as well as the variations of wording between a non-manufacturing and a manufacturing form.

FORM D (1939)

USE AND OCCUPANCY—BUSINESS INTERRUPTION INSURANCE

Co-Insurance Form for Mercantile or Non-Manufacturing Risks

1. The conditions of this contract are that if the building(s) situate .....
and occupied as .....or machinery or equipment contained therein (for stock see paragraph 6), be destroyed or damaged by fire occurring during the term of this policy so as to necessitate a total or partial suspension of business, this company shall be liable under this policy, subject to the following conditions and limitations, for the actual loss sustained for not exceeding such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the property described as covered by this policy as has been destroyed or damaged, commencing with the date of the fire and not limited by the date of expiration of this policy, to wit:

This policy, covering in the aggregate amount of $..... ....., applies pro rata to each of the following amounts:

Item I. $..on (a) the net profit which is thereby prevented from being earned and

(b) such charges and other expenses, including salaries of officers, executives, department managers, employees under contract and other important employees, as must necessarily continue during a total or partial suspension of business, to the extent only that such charges and expenses would have been earned had no fire occurred.

This Item (I) covers expense of necessary heat, light or power, the cost of which is prevented from being earned during the time of total or partial suspension of business caused by fire.

This Item (I) does not cover any portion of the insured's ordinary payroll described in Item II.

Item II. $..on the insured's entire ordinary payroll for a period of time not in excess of ninety (90) consecutive days immediately following loss or damage by fire, which may continue during a total or partial suspension of business, covering only to the extent necessary to resume the normal business of the insured with the same quality of service which existed immediately preceding the fire, and which would have been earned had no fire occurred.

This Item (II) does not cover any portion of salaries described in Item I.

Liability under this Item (II) including additional time, if any, to replace stock which may be damaged or destroyed, shall not extend for more than ninety (90) days after loss or damage by fire.

2. EXPENSE TO REDUCE LOSS: This policy covers such expenses as are necessarily incurred for the purpose of reducing any loss under this policy (except expense incurred to extinguish the fire), not exceeding, however, the amount by which the loss under this policy is thereby reduced, it being a condition that if there is insurance covering use and occupancy loss described under both Items (I and II), the said expenses shall be apportioned to these Items in the proportion that the reduction in amount of loss under each Item bears to the reduction under both Items.

3. EXPERIENCE OF THE BUSINESS: The amount of net profit, charges and expenses covered under Item I or Item II, shall be determined, whether for the purpose of ascertaining the amount of loss sustained or for the application of the Co-Insurance Clause, by giving due consideration to the experience of the business before the fire and the probable experience thereafter.

4. CO-INSURANCE CLAUSE: In consideration of the rate and form under which Items I and II of this policy are written, this company shall be liable, in the event of loss, for no greater proportion of the loss under Items I and II than the amount hereby covered under each respective Item, bears to.

(a) Under Item I, 80% of the sum of the annual net profits and of the annual amount of all charges and other expenses of any nature whether continuing or not (except the expense of the insured's entire ordinary payroll and the expense of heat, light and power) that would have been earned (had no fire occurred) during the twelve months immediately following loss or damage by fire.

(b) Under Item II, 80% of the insured's entire ordinary payroll, excluding only salaries described in Item I, which would have been earned (had no fire occurred) during the ninety (90) consecutive days immediately following loss or damage by fire.

Note: For the rest of the form compare the Weekly Seasonal Non-Manufacturing form, beginning with the Definitions paragraph.

Note: This clause is used with Contribution Forms when it is desired to have the contribution or coinsurance feature refer to a fixed amount rather than to a percentage of actual U & O value.

AGREED AMOUNT CLAUSE—FORM G (1939)

In consideration of the rate and form under which this policy is written and of the statement filed by the insured, it is a condition of this policy until.....19..., at noon, and no longer, or, if this insurance expires prior to said date, until the expiration date of this policy, that, in the application of the Co-insurance Clause forming a part of this policy, ...% of the "gross earnings" referred to in the paragraph captioned "Co-insurance Clause" is agreed to be $.....

On the date and time above specified, the above agreement shall cease to apply and the conditions of the .....% Co-insurance Clause forming a part of this policy shall then apply without modification unless otherwise provided by endorsement attached hereto.

This Agreed Amount Clause attaches and becomes effective .....19..., at noon.

Note: This is the latest development—Gross Earnings, limited at present to mercantiles but likely to be extended, in slightly modified wording, to at least some non-manufacturing risks. The seasonal character of operations does not affect the application of this form so it has but one outline. Such clauses as have already appeared in the same wording are mentioned only in title.

FORM G. GROSS EARNINGS BUSINESS INTERRUPTION

(Use and Occupancy)

CONTRIBUTION FORM FOR MERCANTILE RISKS (1939)

Subject to all its stipulations, limitations and conditions, this policy covers only against loss directly resulting from necessary interruption of business caused by destruction or damage by fire occurring during the term of the policy, to building(s), structure(s), machinery or equipment on premises situated.....
.....
and occupied as.....

The measure of recovery in the event of loss hereunder shall be the reduction in "gross earnings" directly resulting from such interruption of business less charges and expenses which do not necessarily continue during the interruption of business, for only such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace the building(s), structure(s), machinery or equipment above described which have been damaged or destroyed by fire, commencing with the date of the fire and not limited by the date of expiration of this policy, but not exceeding the actual loss sustained by the insured resulting from such interruption of business. Due consideration shall be given to the continuation of normal charges and expenses, including payroll, to the extent necessary to resume operations of the insured with the same quality of service which existed immediately preceding the fire.

DEFINITION OF "GROSS EARNINGS": For the purposes of this insurance "gross earnings" are defined as total net sales less cost of merchandise sold, plus other earnings derived from the operation of the business. In determining "gross earnings" due consideration shall be given to the experience of the business before the fire and the probable experience thereafter.

STOCK: This policy, subject to all its stipulations, limitations and conditions, and without increasing the amount of said policy,

shall include such additional time, if any, not exceeding thirty (30) business days (if premium charged contemplates full cover for loss resulting from interruption of business caused by damage to stock, strike out, "not exceeding thirty (30) business days"), as may be required with the exercise of due diligence and dispatch, to replace any stock damaged or destroyed by fire while in the above described building(s), or in the open on premises above described, and to restore the same to the same condition in which it stood at the time of the fire.

CONTRIBUTION CLAUSE: In consideration of the premium charged and form under which this policy is written, this company shall not be liable, in event of loss, for a greater proportion thereof than the amount hereby covered bears to.....% of the "gross earn-
(Insert 50, 60, 70, or 80)
ings" that would have been earned (had no fire occurred) during the twelve months immediately following loss or damage by fire.

RESUMPTION OF OPERATIONS: If the insured, by resumption of complete or partial operation of the property herein described or by making use of other property, equipment or supplies, could reduce the loss resulting from interruption of business, such reduction shall be taken into account in arriving at the amount of loss hereunder.

EXPENSE TO REDUCE LOSS: This policy covers such expenses as are necessarily incurred for the purpose of reducing any loss under this policy, not exceeding, however, the amount by which the loss under this policy is thereby reduced.

INTERRUPTION BY CIVIL AUTHORITY: This company shall be liable for actual loss sustained, as covered hereunder, during the period of time, not exceeding one week, while access to the premises described is prohibited by order of civil authority, but only when such order is given as a direct result of fire in the vicinity of said premises.

If this form is attached to a Tornado Policy, this company shall not be liable for any loss resulting from interruption of business on account of damage to or destruction of metal smokestacks, unless otherwise provided for by endorsement hereon and additional premium paid therefor.

When attached to a Tornado Policy, wherever the word "fire" appears in this form, it shall be construed to mean tornado, cyclone or windstorm.

SPECIAL EXCLUSIONS: This company shall not be liable for any increase of loss which may be occasioned by any ordinance or law regulating construction or repair of buildings, nor by the suspension, lapse or cancellation of any lease or license, contract or order, nor for any increase of loss due to interference at the described

premises by strikers or other persons with rebuilding, repairing or replacing the property damaged or destroyed or with the resumption or continuation of business; nor shall this company be liable for any other consequential loss or remote loss.

Other insurance permitted.

WORK AND MATERIALS CLAUSE:

LIGHTNING AND ELECTRICAL APPARATUS CLAUSE: (This Clause void as to Tornado Insurance).

ALTERATIONS AND REPAIRS PERMIT:

APPRAISAL CLAUSE: In case the insured and this company are unable to agree as to the value of the subject of this insurance, or the amount of loss thereon, or the time necessary to rebuild, repair or replace the property described as covered by this policy, they shall on written demand be determined by appraisal in the manner provided by this policy.

CIVIL AUTHORITY CLAUSE (This Clause void as to Tornado Insurance): This policy is extended to insure against business interruption loss to the described property caused by acts of destruction executed by duly constituted civil authority at the time of and only during a conflagration when necessary for the purpose of retarding the same, subject, however, to all other terms and conditions of the policy; provided, however, if there shall be any other business interruption insurance on said property, this company shall be liable only pro rata with such other insurance for any business interruption loss caused by the peril insured against by this Civil Authority Clause, whether such other insurance contains a similar clause or not.

PERMIT FOR USE OF ELECTRICITY: Permission is granted under this policy for the use of electric current in the within described premises, it being hereby made a condition of this policy that where the equipment is owned or controlled in whole or in part by the insured, a certificate must first be obtained from the Middle Department Rating Association, and that no alteration shall be made in that portion of the equipment owned or controlled by the insured after certificate is issued, without notice thereof being given to the said Association.

Note: Specfied Time U & O forms are issued for use only in Pacific Coast territory and Texas; as their name suggests, they permit the insured a range of choice of period of suspension for which loss may be claimed. Given here is just that portion of the form necessary to illustrate the departure from other forms; the reader will understand that the usual explanatory clauses and permits are used.

SPECIFIED TIME USE AND OCCUPANCY COINSURANCE FORM (1939)

(Business Interruption Indemnity)

FOR MERCANTILE OR NON-MANUFACTURING RISKS

(For Use on either Fire or Windstorm Policies)

This policy, covering in the aggregate amount of $..... applies pro rata to each of the following amounts:

This policy covers, subject to all its terms and conditions, the Use and Occupancy of the property described as follows:

.....
occupied by the insured as.....
situated..... City or Town of....., Texas.

A. The conditions of this contract are that if the building(s) and/or structure(s) and/or machinery and/or equipment.....
.....(Insert "and/or stock," if liability for damage to or destruction of stock is to be included hereunder) contained therein and/or on premises above described be destroyed or damaged by fire occurring during the term of this policy so as to necessitate a total or partial suspension of business, this Company shall be liable, subject to the terms and conditions of this policy, for the actual loss sustained, by reason of such suspension, consisting of:

ITEM I—$.....on

(a) the net profits on the business which are thereby prevented from being earned; and

(b) fixed charges and expenses, only to the extent to which they would have been earned had no fire occurred, as follows: Salaries of officers, executives, superintendents and of department managers and employees under contract; taxes, interest, rents, royalties, insurance premiums, advertising contracts, special contracts, dues, subscriptions, directors' fees, accounting expenses, legal expenses and fees; all other fixed charges and expenses as must necessarily continue during a total or partial suspension of business (but not including expenses, if any, insured under Item II); and .....

("All other fixed charges and expenses as must necessarily continue during a total or partial suspension of business" and any other item or items enumerated under Item I (b) may be excluded from, and/or additional named and specified charges or expenses may be added to coverage.)

ITEM II—Such other expenses, if any, as are listed below, only to the extent to which they would have been earned had no fire occurred:

(a) $.....per day for.....days, a total of $.....
on light, heat and power.

(b) $.....per day for.....days, a total of $.....
on payroll of department heads or other important employees not under contract.

(c) $.....per day for.....days, a total of $.....
on labor payroll.

(Any item or all items enumerated under Item II may be excluded from coverage. All items enumerated under Item II are per diem covers and may be written for any specified number of days of suspension not in excess of the length of time of suspension applicable to Item I.)

B. This policy covers such expenses as are necessarily incurred for the purpose of reducing any loss under this policy, not exceeding, however, the amount by which the loss covered is thereby reduced, it being a condition that if there is insurance covering Use and Occupancy loss described under both Items (I and II), the said expenses shall be apportioned to these Items in the proportion that the reduction in amount of loss under each Item bears to the reduction under both Items.

C. In determining the amount of net profits and charges and expenses that would have been earned had no fire occurred, whether for the purpose of ascertaining the amount of loss sustained or for the application of the Coinsurance Clause, due consideration shall be given to the experience of the business before the fire and the probable experience thereafter.

D. SPECIFIED LENGTH OF TIME OF SUSPENSION: It is a condition of this contract that the length of time of suspension for which loss may be claimed—

(a) Shall not exceed (Insert same per cent as is inserted in Coinsurance Clause) .....per cent (.....%) of 300 days; provided, however, that if the property herein described is operated normally only five (5) days a week the term of "300 days" shall be construed as 250 days; and provided, further, that if the property is normally operated on Sundays and/or holidays the term "300 days" shall be construed as 365 days; and

(b) Shall not exceed such length of time as would be required with due diligence and dispatch to rebuild, repair or replace such property herein described as may have been destroyed or damaged; and

(c) Shall commence with the date of the fire and not be limited by the date of expiration of this policy.

NOTE: Condition (a) of Clause D shall not apply to Item II of this form.

E. COINSURANCE CLAUSE: It is expressly stipulated and made a condition of this contract that, in the event of loss, this Company shall be liable for no greater proportion thereof than the amount hereby insured bears to.....per cent (....%) of the sum of

the annual net profits (Item I[a]) and fixed charges and expenses (as specified on Item I[b]) which would have been earned (had no fire occurred) during the period of twelve (12) months immediately following the fire, plus 100% of the total amount specified under Item II.

NOTE: Insert same per cent in Coinsurance Clause as is inserted in Specified Length of Time of Suspension Clause.

TUITION FEES

(Schools and Colleges)

1. $.....On tuition fees derived from the use and occupancy of the building(s) and/or contents thereof situate..... .....occupied for school or college purposes, subject to the following conditions:

2. The term "tuition fees" wherever used in this contract shall mean tuition and other income from student sources, less such operating expenses as do not necessarily continue, determined by giving due consideration to the experience of the Insured before the fire and the probable experience thereafter.

3. It is a condition of this insurance if the above-described building(s) and/or contents thereof be destroyed or damaged by fire occurring during the term of this policy, this Company shall be liable for the actual loss of tuition fees sustained during the period (not limited by the date of expiration of this policy) commencing with the date of fire and ending, except as provided in paragraph 4, on the day preceding the beginning of the first school year following the date that the destroyed or damaged building(s) and/or contents thereof may, with due diligence and dispatch, be rebuilt, restored or repaired.

4. Provided, however, that if the agreed time to rebuild, restore or replace with due diligence and dispatch the destroyed or damaged building(s) and/or contents thereof, shall end on a date within thirty days immediately preceding the beginning of a school year, the period of liability for loss under this policy is hereby extended to end on the day preceding the beginning of the second school year following the date that the destroyed or damaged building(s) and/or their contents may, with due diligence and dispatch, be rebuilt, restored or repaired.

5. The words "beginning of school year," however modified, wherever used in this contract, shall mean the opening date of school in the Fall as prescribed, or as would be prescribed in the school catalogue.

6. This policy is extended to cover such additional expenses as are necessarily incurred by the Insured for the purpose of reducing any loss under this policy, not exceeding, however, the amount by which the loss thereunder is thereby reduced.

7. In consideration of the rate and form under which this insurance is written, it is agreed that this Company shall be liable in the event of loss for no greater proportion thereof than the amount hereby insured bears to the normal annual tuition fees for the fiscal year in which the fire occurs, and for no more than the proportion which this policy bears to all insurance, whether valid or not, and whether collectible or not, covering in any manner the loss insured against by this policy.

8. It is a condition of this insurance that as soon as practicable after any loss, the Insured shall make every reasonable effort to reduce the amount of the actual loss sustained, by eliminating expense that does not necessarily continue, making use of other available property, and/or by other reasonable procedure which will reduce the amount of loss hereunder. In the event of the Insured's loss being so reduced, such reduction shall be taken into account in arriving at the amount of loss for which this Company is liable under this policy.

9. It is a condition of this insurance that the Insured shall not be entitled to compensation on account of loss which may be occasioned by any ordinance or law regulating or prohibiting construction or repair of buildings or by the suspension, lapse, or cancellation of any license or lease, or for any other consequential or remote loss.

10. It is a condition of this insurance that in case the Insured and this Company are unable to agree as to the time necessary to rebuild, repair or replace the described property, and/or the sound value of the subject of this insurance and/or the amount of loss under this policy, the same shall be determined by appraisal in the manner provided by this policy, the provisions of which policy shall govern in all matters pertaining to this insurance, except as herein otherwise provided.

11. LIGHTNING CLAUSE (Worded to apply to Tuition Fees Insurance).

12. ELECTRICAL EXEMPTION CLAUSE (Worded to apply to Tuition Fees Insurance).

Add usual clauses.

Note: This form is an adaptation of U & O to the special needs of schools and colleges. It recognizes the contracted obligations these institutions might have to teachers and others beyond the date of rehabilitation of physical damage, when their income might be suspended as result of their inability to receive students on the usual school opening date.

ADDITIONAL LIVING EXPENSE INSURANCE FORM

(For Occupants of Dwellings or Dwelling Portion of Any Building)

1. $.....on the necessary Additional Living Expense incurred by the insured, in order to continue as nearly as practicable the normal conduct of the insured's household, resulting from damage or destruction by fire of the building(s) or additions thereto or contents thereof, situate..... and occupied for.....subject to the following conditions and limitations:

2. If the above described building(s) or additions thereto or contents thereof are so damaged by fire occurring during the term of this policy as to necessitate the incurrence of Additional Living Expense (as defined in this form), this company shall be liable for the additional living expense so incurred during the "period of indemnity."

The "period of indemnity" shall not exceed such length of time, commencing with the date of the fire and not limited by the date of expiration of this policy, as shall be required with the exercise of due diligence and dispatch to repair, rebuild or replace such part of said building(s) or additions thereto or contents thereof as may be destroyed or damaged, nor shall the "period of indemnity" extend beyond the time when the insured's household becomes settled in any permanent quarters.

3. The limit of liability hereunder shall in no event exceed 25% of the amount of this policy for any month during the period of indemnity. The word "month" shall be construed to mean thirty consecutive days.

4. The term "Additional Living Expense" wherever used in this form, is defined as the necessary excess (if any) of the total cost during the period of indemnity, resulting from damage or destruction by fire of the described property, chargeable to the conduct of the insured's household over and above the total cost that would normally have been incurred to conduct the household during the same period had no fire occurred.

5. This company shall not be liable for Additional Living Expense occasioned by any ordinance or law regulating or prohibiting construction or repair of buildings, nor by the suspension, lapse or cancellation of any license, lease or any written or oral agreement, nor for any other contingent or remote loss.

6. Other insurance permitted; however, it is a condition of this insurance that if at the time of loss or damage there is other insurance which covers in any manner the contingency insured against under this policy, then this insurance shall apply only as excess insurance and in no event as contributing insurance, and then only to the amount of Additional Living Expense over and above the amount due the insured under such other forms of insurance. In no event, however, shall the liability hereunder exceed the amount of this policy nor a greater proportion of any loss than the insurance hereunder shall bear to all concurrent insurance, whether valid or not and whether collectible or not.

7. Alterations and Repairs Permit.

8. Work and Materials Clause.

9. Lightning and Electrical Apparatus Clause (Worded to apply to Additional Living Expense Insurance).

Note: U & O is adapted to dwellings as the foregoing form shows. An occupant might be reimbursed for his loss of rent and still lose by having to carry on living and housekeeping at a temporary location and under more expensive circumstances.

For example: A house burns but the garage remains; the owner tenant must obtain accommodation for his car convenient to his temporary residence. Perhaps by reason of his having to live in a hotel or boarding house, some of his necessary operations, formerly conducted at home, must be done for him at higher cost, such as laundry and providing the family table.

The insurance rate of building usually applies.

STANDARD EXTRA EXPENSE INSURANCE

1. $....On the necessary Extra Expense incurred by the Insured in order to continue as nearly as practicable the normal conduct of the Insured's business following damage to or destruction by fire of the building(s) or additions thereto or contents therof, situate .....
and occupied as .....
subject to the following conditions and limitations:

2. If the above described building(s) or additions thereto or contents thereof are destroyed or so damaged by fire occurring during the term of this policy as to necessitate the incurrence of Extra Expense (as defined in this form), this Company shall be liable for the Extra Expense so incurred, for not exceeding such length of time, herein referred to as the "period of restoration," commencing with the date of the fire and not limited by the date of expiration of this policy, as shall be required with the exercise of due diligence and dispatch to repair, rebuild, or replace such part of said building(s) or additions thereto or contents thereof as may be destroyed or damaged.

3. The limits of liability hereunder shall in no event exceed that percentage of the amount of this policy (at the time of loss) which is stated below for the determined "period of restoration":

....% when the "period of restoration" is not in excess of one month;

....% when the "period of restoration" is in excess of one month but not in excess of two months;

....% when the "period of restoration" is in excess of two months but not in excess of three months;

....% when the "period of restoration" is in excess of three months but not in excess of four months;

....% when the "period of restoration" is in excess of four months but not in excess of five months;

....% when the "period of restoration" is in excess of five months but not in excess of six months;

....% when the "period of restoration" is in excess of six months but not in excess of seven months;

....% when the "period of restoration" is in excess of seven months but not in excess of eight months.

In the event that Extra Expense incurred by the Insured during the longest period of restoration for which provision is above made does not exhaust the insurance hereby provided, then such unexhausted insurance shall apply for the remainder of the period of restoration, not exceeding in any event, however, twelve months after the date of such fire.

4. In the event of the insurance hereunder being reduced by payment of claim, the percentage limits of liability for periods of restoration shall apply thereafter to the unexhausted insurance.

5. The term "Extra Expense" wherever used in this form, is defined as the excess (if any) of the total cost during the period of restoration chargeable to the conduct of the Insured's business, over and above the total cost that would normally have been incurred to conduct the business during the same period that no fire occurred; the cost in each case to include expense of using other property or facilities of other concerns or other necessary emergency expenses. In no event, however, shall this Company be liable under this policy for loss of income, nor for Extra Expense in excess of that necessary to continue as nearly as practicable the normal conduct of the Insured's business, nor for the cost of repairing or replacing any of the described property that has been damaged or destroyed by fire, except cost in excess of the normal cost of such repairs or replacements necessarily incurred for the purpose of reducing the total amount of Extra Expense; liability

for such excess cost, however, shall not exceed the amount by which the total Extra Expense otherwise payable under this policy is reduced. This Company shall also be liable for Extra Expense incurred in obtaining property for temporary use during the period of restoration necessarily required for the conduct of the Insured's business; any salvage value of such property remaining after resumption of normal operations shall be taken into consideration in the adjustment of any loss hereunder.

6. This Company shall not be liable for Extra Expense accasioned by any ordinance or law regulating or prohibiting construction or repair of buildings, nor by the suspension, lapse or cancellation of any license, lease or any written or oral agreement, nor for the cost of compiling books of record or other documents, nor for any other contingent or remote loss.

7. The word "normal" however modified, wherever used in this contract shall be construed to mean the condition that would have existed had no fire occurred.

8. The word "month" however modified, wherever used in this contract shall be construed to mean thirty (30) consecutive days.

9. As soon as practicable after any loss, the Insured shall resume complete or partial business operations of the property herein described and, in so far as practicable, reduce or dispense with such extra expenses as are being incurred.

10. It is a condition of this insurance that in case the Insured and this Company are unable to agree as to the time necessary to rebuild, repair, or replace the described property or the amount of necessary Extra Expense, those questions or either of them not agreed upon shall be determined by appraisal in the manner provided by this policy.

11. Other insurance permitted; however, it is a condition of this insurance that if at the time of loss or damage there are other kinds of insurance which cover in any manner the contingency insured against under this policy, then this insurance shall apply only as excess insurance and in no event as contributing insurance, and then only to the amount of Extra Expense over and above the amount due the Insured under such other forms of insurance. In no event, however, shall the liability hereunder exceed the amount of this policy nor a greater proportion of any loss than the insurance hereunder shall bear to all concurrent insurance, whether valid or not and whether collectible or not.

12. Permission granted to operate at all hours.

13. ALTERATIONS AND REPAIRS PERMIT.

14. WORK AND MATERIALS CLAUSE.

15. LIGHTNING AND ELECTRICAL APPARATUS CLAUSE (Worded to apply to Extra Expense Insurance).

Note: The foregoing form was devised principally for use in certain types of business where continuity of operation is essential and it covers the unusual or extra expense involved therein. For example, in case of a bad fire in the plant of a newspaper it would if possible, obtain other quarters for its editorial staff and reporters and for its general office needs, arrange for publication in another newspaper or printing plant and, at substantial extra expense, continue publication and distribution; thus it would maintain its "lifeblood" in the form of its advertising and its subscribers. Such extra expense is beyond the indemnity provided by U & O Insurance.

This special form of insurance is, by some business men, bought as a substitute for U & O—and certainly it would seem that if operations could be entirely carried on under the temporary arrangements as described above and if, in addition, Extra Expense Insurance avoided any cost of extra expense, then the insured would lose nothing by the fire. But how likely is it that full operations could be conducted under the temporary conditions? Again, is it assured that, in all circumstances, the plant on which our client is depending, would be available to his assistance? For instance, a trade boom might be exhausting capacity. Finally, the same fire (conflagration) that burned our client's plant could destroy also the homes of his customers, in which event, there being no market for his product, what use his operating in temporary quarters? Extra Expense Insurance could fail to be protective whereas U & O would save the day.

However, this special form of cover, sold where conditions justify, offers a splendid contract. Not only newspaper plants but banks, creameries, delivery companies, radio broadcasting stations, orphanages and others can use it. Even some merchants, having in mind the predominating need of recommencing business immediately after a fire, see in Extra Expense Insurance a valuable safeguard.

But always keep in mind its possible limitations; some establishments may need both U & O and Extra Expense Insurance to avoid all manner of calamity.

Note: This form takes the stock rate because the company's risk is the same as it would be on stock.

PROFITS AND COMMISSIONS, FORM NO. 1

(1) $....on profits and commissions on stock, sold or unsold, consisting principally of .....
while contained in .....

(2) For the purpose of this insurance, the term "profits" is defined to be the excess of the price which would have been receivable by the insured on the date of the loss from the sale of the described stock, over the cost to the insured on the date of the loss to replace said stock with like kind and quality; and the term "commissions" is defined to be the commissions which would normally be earned by the insured on the date of the loss from the sale of the described stock; deducting, in the case of both "profits" and "commissions," such expenses as it is possible to avoid or discontinue if the described stock is damaged or destroyed, and adding such expenses as are necessarily incurred for the purpose of reducing any loss under this policy, not exceeding, however, the amount by which the loss covered is thereby reduced.

(3) For the purpose of this insurance, the term "stock" shall be construed to mean any stock at the above described location—

(a) which is ready for packing, shipment or sale; or

(b) which is in the hands of others than the insured for processing or finishing; or

(c) which is on consignment.

(4) If, during the term of this policy the described stock is damaged or destroyed by the perils insured against, this Companv shall be liable under this policy for an amount not exceeding the lowest amount provided by any of the following limits: A, B, C, D and E.

A. Such percentage of the prospective profits and commissions which would normally have been realized from the sale, in an undamaged condition, of all of the above described stock on the date of the loss, as equals the "percentage of loss or damage on stock." In determining such amount, the "percentage of loss or damage on stock" shall be the percentage of damage as shown by the final outcome of the adjustment of the loss or damage on stock by companies insuring the same, including the result of any salvage handling operations whether completed before or after such adjustment, or if there be no insurance on such stock, then by such ascertainment and estimate by the parties hereto as is provided for in the printed conditions of this policy.

B. The actual loss of profits and commissions sustained by the insured on the damaged or destroyed stock.

C. The actual loss of profits and commissions resulting from a loss of sales and/or a reduction in the amount of profits and commissions derived from sales.

D. That proportion of the lowest amount provided by the foregoing limits A, B, and C, that the sum hereby insured bears to.....per cent (.....%) of the prospective profits and commissions which would normally have been realized from the sale in an undamaged condition of all of the above described stock on the date of the loss.

E. That proportion of the lowest amount provided by the foregoing limits A, B, and C, which the amount hereby insured shall bear to the whole insurance, whether valid or not and whether collectible or not, covering in any manner the loss insured against under this policy.

(5) It is a condition of this insurance that as soon as practicable after any loss the insured shall, for the purpose of continuing sales, make use of the described stock and acquire and make use of other stock and/or other premises if obtainable if, by so doing, the amount of loss hereunder will be reduced and in the event of loss being so reduced such reduction shall be taken into account in arriving at the amount of loss hereunder.

(6) Where the term "property" is used in this policy or clauses attached hereto, it is understood to mean profits and commissions on the stock described.

Usual clauses and permits.

Note: This form takes a rate of one and one half times the stock rate because the company could suffer greater loss than on stock.

PROFITS AND COMMISSIONS, FORM NO. 2

Note: Only the variation from the preceding form is given.

(4) If, during the term of this policy the described stock is damaged or destroyed by the perils insured against, this Company shall be liable under this policy for an amount not exceeding the lowest amount provided by any of the following limits: A, B, C and D.

A. The actual loss of profits and commissions sustained by the insured on the damaged or destroyed stock.

B. The actual loss of profits and commissions resulting from a loss of sales and/or a reduction in the amount of profits and commissions derived from sales.

C. That proportion of the lowest amount provided by the foregoing limits A and B which the amount hereby insured shall bear to the whole insurance, whether valid or not and whether collectible or not, covering in any manner the loss insured against under this policy.

D. That proportion of the lowest amount provided by the foregoing limits A and B that the sum hereby insured bears to .....per cent (.....%) of the prospective profits and commissions which would normally have been realized from the sale in an undamaged condition of all of the above described stock on the date of the loss.

PROFITS AND/OR COMMISSIONS FORM (UNIFORMITY)

RATE—MERCHANDISE RATE

FOR USE ON EITHER FIRE OR TORNADO POLICIES

(To Be Used Only for Finished Stock in Hands of Its Manufacturer or Special or Consigned Stock in Storage)

$....On profits and/or commissions on finished merchandise, sold or unsold, while contained in building(s), or on the premises situated .....

This item shall also cover said merchandise within one hundred (100) feet of the above described building while on sidewalks, streets, alleys, yards, detached platforms and in or on vehicles or railway cars; also on said merchandise while on platforms in contact with above described building.

If during the term of this policy, fire damages or destroys the described merchandise, this company shall be liable under this policy for its proportion of the actual loss of profits and/or commissions sustained by the insured, but if the insured is able to continue sales by the use or acquirement of other merchandise, this company shall not be liable for more than its proportion of the actual loss of profits and/or commissions resulting from an actual loss of sales and/or a reduction in the amount of profits and/or commissions derived from actual sales.

It is a condition of this insurance that as soon as practicable after any loss, the insured shall make use of or acquire other merchandise, if obtainable, for the purpose of continuing sales, if by so doing the amount of loss hereunder will be reduced and in the event of loss being so reduced, such reduction shall be taken into account in arriving at the amount of loss hereunder.

The liability hereunder shall not exceed the amount of insurance by this policy, nor a greater proportion of any loss than the insurance hereunder shall bear to all insurance, whether valid or not, and whether collectible or not, covering in any manner the loss insured against by this policy.

It is a condition of this insurance that in case the insured and this company are unable to agree as to the value of profits and/or commissions and/or the amount of loss under this policy, the same shall be determined by appraisal in the manner provided by the policy to which this form is attached, the provisions of which policy shall govern in all matters pertaining to this insurance, except as herein otherwise provided.

Where the word "property" is used in this policy or clauses attached thereto, it is understood to mean profits and/or commissions on the merchandise described.

Other insurance permitted.

Permission granted for mechanics to be employed for more than fifteen (15) days in making alterations, improvements and repairs to any building herein described, and in constructing additions or sheds which attach to and communicate with such building, and it is a condition of this insurance that this policy is extended to cover loss of profits and/or commissions resulting from loss or damage to such attached and communicating additions and sheds to said buildings; but if any building herein described is protected by automatic sprinklers, this permit shall not be held to include the reconstruction or the enlargement of any building so protected, without the consent of this company in writing. This permit does not waive or modify any of the terms or conditions of the Automatic Sprinkler Clause (if any) attached to this policy.

When attached to a Tornado Policy, wherever the word "fire" appears in this form, it shall be construed to mean tornado, cyclone or windstorm.

LIGHTNING AND ELECTRICAL EXEMPTION CLAUSES (worded to apply to Profits and Commissions).

Usual clauses and permits.

USE AND OCCUPANCY

(Street Railway Property)

(Illustration)

$....On the Use and Occupancy of the electrical power plant, car barns and shops, situate at.....

The conditions of this contract of insurance are that if any of the buildings or machinery therein, or rolling stock contained in the buildings or stored on tracks adjacent shall be so disabled by fire occurring during the term and under the conditions of this policy as to entirely suspend the generation and distribution of electrical energy and the operation of their Street Railway lines, then this Company shall be liable for an amount not exceeding $....per day for each working day of such suspension, and in case

the said buildings, machinery or rolling stock are so disabled by fire as to prevent the making of a full daily average receipts from fares or the sale of electrical energy, this Company shall be liable per day for not exceeding that proportion of $....which the receipts so prevented from being made bear to the average daily receipts previous to the fire, which for the purpose of this insurance is agreed to be the full daily average for three hundred and sixty-five (365) working days immediately preceding the fire, not exceeding in either case the face value of the policy.

In the event of the car service and/or supply of electrical energy being restored in whole or in part by reason of the assured renting cars and/or purchasing power, then the claim against this Company for the amount payable per day, above referred to, shall be reduced by the amount in which the income on said day, as a result of said renting of cars and/or purchasing of power, exceeds the expense incurred therefor for account of said day.

It is understood that in the event of loss under this policy caused by the suspension or damage of cars or buildings, the same shall be, so far as possible, replaced by any available surplus cars or spare parts, but the assured shall not be required to use open cars when the weather is unseasonable for their use.

Loss, if any, to be computed from the day of the occurrence of any fire to the time when the said buildings, machinery or rolling stock could with ordinary diligence and dispatch, be repaired or rebuilt and replaced and not limited to the day of expiration named in this policy.

A period of twenty-four (24) hours constitutes the day referred to in this policy form.

Dynamo Clause.

Permission to make additions, alterations and repairs. To run all night. To use kerosene oil for lights. To have and make other insurance without notice until requested.

USE AND OCCUPANCY (CANNERY)

(Illustration)

$....On the Use and Occupancy of their frame buildings, additions and platforms and machinery therein, situate at and occupied by them as a canning establishment.

TOTAL LOSS.—The conditions of this contract of insurance are that, if any of the buildings used for canning purposes, or machinery therein, shall be so disabled by fire or lightning during the term and under the conditions of this policy, that the assured are entirely prevented from canning the 19.. crop of vegetables and/or fruit then this policy shall be liable for a total loss.

PARTIAL LOSS.—If the buildings or any part thereof shall be damaged by fire or lightning during the term of this policy and the said damage can, with ordinary diligence and dispatch, be repaired and machinery installed prior to commencement of 19.. canning season, then this Company shall not be liable for any loss; if, however, the completion of repairs and installation of machinery, with ordinary diligence and dispatch, requires time after the commencement of the canning season of 19.. to put the factory in running order, then this Company shall be liable for actual loss sustained by assured not exceeding twenty (20) cents per case for overhead charges and profits for each case that the assured are deprived of packing, and not exceeding ten (10) cents per case profits on each case of the 19.. crop of vegetables and/or fruit packed and destroyed or damaged.

It is a condition of this contract that in case fire or lightning occur under conditions that the assured suffers no loss from the inability to use the buildings and machinery mentioned herein during the term of this policy then no claim shall be made thereunder.

It is hereby agreed and made a condition of this contract that assured shall maintain insurance under this form to the amount of $.....and in event of loss this Company shall be liable for no greater proportion thereof than the amount hereby insured bears to $.....

USE AND OCCUPANCY

(Mercantile)

(Illustration)

On the value to them for the purposes of Use and/or Occupancy of.....situate.....occupied as.....

It is agreed that if by reason of fire and/or lightning on the above mentioned premises, the assured shall be wholly prevented from carrying on its business, then this Company shall be liable for 1/300th part of this policy per day for each working day from date of said fire to date (whether the same fall within the terms of this policy or not) when normal business might, with reasonable diligence have been commenced. But if the normal business is diminished only, then shall this Company be liable for the proportion of said per diem as may be determined by the following data:

Should fire and/or lightning cause such damage to the entire first floor as to involve a complete interruption of business thereon without interfering with the business of the rest of the store, then thirty (30) per cent of the full per diem shall be paid, but if only the front half of the first floor shall be involved, then 2/3ds of the thirty (30) per cent should be paid and 1/3d if the rear half only is involved.

Should only the second floor be involved, 15 per cent of per diem shall be paid.

Should only the third floor be involved, 15 per cent of per diem shall be paid.

Should only the fourth floor be involved, 5 per cent of per diem shall be paid.

Should only the fifth floor be involved, 5 per cent of per diem shall be paid.

Should only the sixth floor be involved, 10 per cent of per diem shall be paid.

Should only the seventh floor be involved, 5 per cent of per diem shall be paid.

Should only the eleventh floor be involved, 5 per cent of per diem shall be paid.

Should only the basement floor be involved, 10 per cent of per diem shall be paid.

Should a portion of any of the floors except the first be involved then there should be payable the proportion that that portion of the floor bears to the entire floor.

Should a portion of the front half of the first floor be involved, then there shall be payable the proportion that that portion of the floor bears to the entire front half of the floor.

Should a portion of the rear half of the first floor be involved, then there shall be payable the proportion that that portion of the floor bears to the entire rear half of the floor.

In the event of loss, the front half of the first floor shall be construed as extending eastwardly one hundred and twenty (120) feet from the.....street frontage, and the rear half from a point one hundred and twenty (120) feet eastward of the..... street frontage to the rear of the building on.....street.

Should a fire and/or lightning cause such damage, necessitating the suspension of the elevator service, then this Company shall be liable in an amount (not exceeding) one-half of the total loss schedule for each floor above the first, and in the event of suspension of one or more elevators by reason of damage by fire and/or lightning, then this Company shall be liable in that proportion of one-half of the total loss schedule for each floor above the first that the number of elevators damaged bears to the total number of elevators in the building.

It is understood that in arriving at the amount of insurance required under this form, the assured have included the estimated

average increase in results or profits, basing their figures on the sales for the preceding year and adding thereto an amount equal to such increase and this policy to cover accordingly.

The purpose of this insurance is to protect the assured against loss of use of the premises in whole or in part, loss of profit, loss of all fixed charges and loss of such sums as are necessary to be paid by the assured for the purpose of retaining employees whether under contract or not in order to maintain the organization, and it is agreed that the amount of said loss shall be as above set forth.

Loss, if any, to be computed from the day of the occurrence of any fire to the time when the said buildings or parts thereof could with ordinary diligence and dispatch be repaired and rebuilt, and contents replaced, and not limited by the day of expiration named in the policy. In no event shall this Company be liable for larger amount than insured under this policy.

(Add usual clauses.)

USE AND OCCUPANCY

(*Hotels*) (*Illustration*)

On the Use and Occupancy of the hotel property, known as the .....situate.....

If the aforesaid hotel property be damaged or destroyed by fire during the term of this policy, whereby the assured shall sustain loss of revenue therefrom, the liability of this Company for said loss shall be upon the following conditions:

First: For any calendar day the revenue of which, by reason of such fire, is nil, the loss shall not be deemed to exceed the normal revenue for the day; nor shall this Company's liability therefor exceed $.....

Second: For any calendar day the revenue of which, by reason of such fire, is impaired only, the loss shall not be deemed to exceed such impairment; nor shall this Company's liability therefor exceed that proportion of $....which such impairment shall bear to the normal revenue for the day.

Third: Loss, if any, to be computed from the time of the occurrence of any fire to the time when the said hotel property could, with ordinary diligence and dispatch, be repaired and/or replaced, except that such computation shall not include any portion of time subsequent to the expiration of this policy.

By "the normal revenue for the day" as used above is meant the revenue which, but for the fire, would have been derived from the said hotel property.

(Add usual clauses.)

USE AND OCCUPANCY

(*Profits Only*)

(*Illustration*)

(Used where one certain part necessary to finish goods manufactured was stored in quantities until near the season for shipment, when they were attached and the product delivered.)

$....On profits contingent on the use of the contents of the three-story brick building known as the Warehouse, situate on their premises at.....

It is the intention of this insurance to indemnify the assured for loss of profits sustained by reason of the contents of said warehouse being so damaged by fire, or by lightning, that the assured is unable to fill orders for goods whereby profit would have been realized. It is the intention of the assured to use the above described building to store.....for their various products, and this policy shall apply only to.....in their relation to the other products of the factory.

It is understood and agreed that in case of damage by fire, or by lightning, the assured will use all reasonable means to replace or repair contents and to reduce the loss of profits to a minimum figure. This Company shall not be liable for any greater proportion of the loss of profits than this insurance bears to the entire sum of the profits which it is calculated would have been earned but for the damage caused by fire or by lightning.

It is part of the consideration for which this policy is issued that the assured hereby covenants and agrees to keep a set of books of account showing a complete record of business transacted, which shall be available to aid in the determination of loss, if any, under this contract.

By lightning is meant the commonly accepted use of the word, and in no case to include loss or damage by cyclone, tornado or windstorm. If there is any other similar insurance on said property this Company shall be liable only pro rata with such other insurance for loss by lightning whether such other insurance be against such loss or not. This insurance excludes any loss or damage to motors or other electrical appliances or devices, such as may be caused by electrical currents, artificial or natural, and will be liable only for such loss or damage to them as may occur in consequence of fire outside of the machines themselves.

It is understood and agreed that this insurance shall not be held as contributing with any other form of insurance on the plant, nor hold other insurance as contributing with this.

USE AND OCCUPANCY

(Special)

$125,000—On the Use and Occupancy of the assured's reinforced concrete dam and spillway and auxiliary buildings at the dam site, together with the pipe line extending from the dam site to the premises of the.....; all situated.....

The conditions of this contract are that if the above described dam, spillway, pipeline or any of its constituent parts, or machinery or supplies or material in or on the premises shall be so disabled, damaged or destroyed during the term and under the conditions of this policy, that the assured are entirely prevented from conducting their business from said property, then this insurance shall be liable per day for the actual loss sustained not exceeding 1/365th part of the amount insured hereunder per day for each working day of such prevention; but if the normal business be diminished only, then this insurance shall be liable for that proportion of the actual loss sustained not exceeding said per diem, in which such business is diminished, due consideration being given to the amount of water furnished under contract before the loss and the probable experience thereafter, but under no circumstances shall this Company be liable in the aggregate for more than the per diem rate nor for more than the amount of this policy.

A period of twenty-four (24) hours constitutes the "day" referred to in this policy.

Loss, if any, hereunder to be computed from the day of its occurrence to the time when the said property or its constituent parts or machinery, or supplies could, with ordinary diligence and despatch, be restored or replaced and the normal average business be resumed. Loss not to be limited by the day of expiration named in the policy.

It is a condition of this insurance that this company shall not be liable for loss under this policy except as a result of actual physical destruction, disablement or damage to the property the use and occupancy of which is insured hereunder, and then only to the extent that such physical destruction, disablement or damage shall directly affect its use and occupancy.

Other insurance permitted without notice until requested.

INHERENT HAZARD CLAUSE

This policy is hereby amended to include all direct loss or damage caused by explosion (excluding fire damage resulting from such explosion) originating from any materials or processes incident to the business of the assured or of the tenants occupying the buildings or premises described herein; subject in every respect, however, to all the limitations and conditions of this policy.

PROFITS ON MANUFACTURED GOODS IN WAREHOUSE

(Illustration)

$....On profits in case of loss of goods of the assured unfinished, or in the various processes of finishing, while contained in the storehouses of.....situate at.....

It is understood and agreed that this policy is liable for and will pay on any loss that may occur on said goods as a profit, a sum equal to.....per cent of the amount of specific insurance paid by the insurance companies on said goods as the amount of their loss but in no case more than the amount insured herein.

(Attach full Coinsurance and other clauses.)

PROFITS INSURANCE

(Illustration)

On profits on manufactured goods, while contained in or on their buildings and premises situate.....

It is the purpose of this insurance to indemnify the insured for the difference in value between the cost of manufacture, including all fixed charges and overhead expenses, and the list price of their goods at the time of any fire, less the maximum trade discount and less the cost of labeling and casing unlabeled goods.

(Attach full Coinsurance and other clauses.)

PROFITS OR COMMISSIONS INSURANCE

(Illustration)

Upon their profits on sales made by them of merchandise and on their profits to be made on merchandise and stock while contained on their premises awaiting order, sale or manufacture, all while contained in the buildings and additions, situate.....

It is understood and agreed that if by reason of loss or damage by fire on the above mentioned premises, said assured shall be unable to fill to the several purchasers such orders, previously received, accepted by and entered upon the books of the said assured, as have not at date of fire been shipped or otherwise delivered or removed according to such orders, then this Company shall be liable to the assured for such profits as they would have derived had such orders been so filled or delivered or removed, which profits shall be 20 per cent of the amount of any order; and it is also understood and agreed that if during the term of this policy, the stock is destroyed or damaged by fire, then this Company shall be liable for loss of 25 per cent of the cost value of said stock, while in the premises of the assured, awaiting sale, order or

manufacture, such 25 per cent of the cost value being accepted as the profits on such goods had they been manufactured or sold.

(Add usual clauses.)

PROFITS AND/OR COMMISSIONS FORM

(Illustration)

$....On commissions contingent upon the shipment of canned goods from the.....Canning Company's plant situate.....

It is understood and agreed that if by reason of fire occurring during the term and under the conditions of this policy in any of the buildings comprising the above canning plant the shipment of goods is prevented, the liability of this Company for loss of commissions shall be upon the following conditions:

(a) For the estimated loss of net commission upon orders previously received, accepted and entered on the books of the .....Canning Company, which it cannot fill by reason of said fire, such commission being....per cent of the net amount of such orders.

(b) For the estimated loss of net commissions upon goods unsold, but not exceeding....per cent of the damage sustained by such goods as determined by the adjustment of the loss thereon (less all salvage operations) by the companies insuring such goods.

(c) For the estimated loss of commissions other than as above described which would normally be derived from the sale of the normal product of the.....Canning Company, which it is prevented from manufacturing by reason of said fire, such commissions to be not more than....per cent of the net sale price.

It is also understood and agreed that if goods can be procured at some other point to fill orders which would otherwise have been filled from the above plant, the amount of commissions earned from the sale of such other goods shall be deducted from the amount which under the terms of this policy would otherwise be recoverable by the assured.

That this policy shall also cover use and occupancy loss caused by lightning (meaning thereby the commonly accepted use of the term lightning, and in no case to include loss or damage by cyclone, tornado, or windstorm), not exceeding the sum insured nor the interest of the insured in the property. Provided, however, that if there shall be any other use and occupancy insurance on said property, this Company shall be liable only pro rata with such other insurance for any use and occupancy loss by lightning, whether such other insurance be against loss by lightning or not.

(Attach other usual clauses.)

PROFITS OR COMMISSIONS FORM

(Illustration)

Note: This form may be used to cover a retail dealer in automobiles against loss due to non-delivery of autos because of fire causing the factory where they are made to suspend production.

$100,000 on profits, contingent upon the delivery of automobiles by the.....Company of....., to the assured or their customers wherever located in New England.

It is understood and agreed that the conditions of this insurance are that if by reason of fire occurring in any of the buildings used for manufacturing purposes by the.....Company of..... which prevents the assured from receiving automobiles for any one month or months, or any part thereof, under their contract with the said.....Company, then this company shall be liable for loss of profits sustained by the non-delivery of said automobiles during any month, months, or any part thereof and until such time as the said.....Company of....., can resume production of cars according to its contract, and not to be limited by expiration of policy, said loss of profits to be based at the rate of ten per cent (10 per cent) of the catalog list price, but not exceeding the amount of this policy.

It is further understood and agreed that after any fire and the resumption of manufacturing by the.....Company of..... the furnishing of excess delivery of cars above the amount specified for any month after the fire shall not be construed as filling the contract with assured for any month or any part thereof during any shut down caused by fire and previous to the resumption of manufacturing by said.....Company.

In consideration of the rate at which this policy is written it is expressly stipulated and made a condition of this contract that this company shall be liable for no greater proportion of any loss than the amount hereby insured bears to the actual yearly profits on the property described herein at the time when said loss shall happen based on the 300 working days immediately preceding the fire.

(Add usual clauses.)

PROFITS OR COMMISSIONS FORM

(Illustration)

RICHARD ROE AND COMPANY

$....On their profits accruing from their contracts for the purchase of the output of.....from the John Doe Co., at.....

It is understood that the estimated output of said factory is.... yards annually, on which the profit to the insured is estimated and fixed for the purposes of this insurance at $.....per yard.

It is the intention of this insurance to indemnify the insured for loss of profits due to the suspension or diminishing of the output of ..... by the John Doe Co. at such factory directly resulting from the destruction of or damage to the buildings or plant of the John Doe Co. by fire and/or lightning, at the rate of 1/300th of the amount of this insurance, being $.....per day, from the time of the suspension or diminishing of said output to the date when normal production of.....may with reasonable diligence be resumed.

Should the normal production be diminished only, then this insurance shall be liable for that proportion of the said $.....per day in which said production is diminished.

It is understood that Richard Roe and Co. has no control over the factory of the John Doe Co., and that said factory has the privilege of working at such hours and of doing such work and using such materials as may be deemed necessary, anything in the policy to the contrary notwithstanding.

(Add other necessary clauses.)

Reporting Form of Use & Occupancy. Some consideration has been given to the development of a form for the writing of Use and Occupancy insurance upon somewhat the same principles as are present in the reporting forms for property damage insurance on stocks, which are dealt with elsewhere herein. The endeavor to apply the reporting feature to Use and Occupancy has met with one objection after another, including the difficulty of obtaining the repeated estimates on account of the work involved for the insured. Furthermore, the development of other satisfactory forms has reasonably met the situation.

DIVISION XIV

EXCESS, FLOATING AND GENERAL COVER OR MULTIPLE LOCATION CONTRACTS

These terms should not be confused: Floating insurance may be excess and Excess insurance may be floating, but each may be one without the other, while General Cover or Multiple Location Contracts are different from either.

Floating and Excess. In a sense all insurance is floating that does not cover on a specific article, or on a specific and fixed piece of property. A floating insurance policy, as the term is generally used, is one that covers the subjects specified wherever they may be within certain prescribed limits; it becomes excess insurance when it covers values (or losses) only in excess of stated amounts, or in excess of some other stipulated limit or limits. An excess insurance policy may be restricted to one location, and attach only on a single subject. As a rule excess insurance, whether floating or applying to a specific location, is not liable except (a) for that portion of a loss which is in excess of the sum of any specific or other insurance applying, or (b) for loss in excess of a stated amount. For example, a concern may maintain $1,000,000 specific insurance and in addition have an excess policy for $200,000. In such case the excess policy is liable only for any loss that exceeds $1,000,000.

Where excess insurance is maintained, the specific or other insurance policies often bear a clause reading somewhat as follows:

> "Any excess insurance covering property herein described shall not be held as contributing insurance with this policy."

An excess policy covering at one specific location often bears a clause reading somewhat as follows:

> "Any floating excess insurance covering property described herein shall not be held as contributing insurance with this policy."

The legitimate use of excess insurance may be abused and for this reason most rating bodies provide a rule that excess insurance shall take the same rate as the specific insurance

on a given property, except under such forms of excess insurance as are specifically approved, such as certain reporting forms later dealt with. As an example of such abuse, assume stock worth $1,000,000, rate 20 cents, specific insurance $500,000 with 80 per cent Coinsurance or Contribution Clause, and excess insurance $500,000 written at 10 cents. In such case the whole loss is collectible, but the effect would be to make the average rate 15 cents; hence the rule that the excess insurance must take the same rate as the specific. Furthermore, if the specific insurance contains the usual Percentage Waiver of Inventory Clause and the sound value of the stock is not investigated in the case of small losses, the specific insurance might pay many small losses each amounting to less than the limit in the Waiver of Inventory Clause, yet a part of such losses should in all fairness fall on the excess insurance which undertakes among other things to make up for any deficiency in collection of a loss from the specific insurance due to the application of coinsurance or contribution requirements.

Much of the so-called Floating Insurance formerly written under fire insurance policies is now written under Inland Marine Insurance policies, which have been dealt with in the chapter on that subject, but a few illustrations are given of those which are still sometimes written under fire policies.

ORDINARY LIMITED FLOATER

(*New York*)

On merchandise consisting principally of.....excluding cotton and other vegetable fibre, and petroleum and its liquid products, the property of the insured, or held by the insured in trust or on commission, or on joint account with others, or sold but not delivered, while contained in any or all of the buildings occupied exclusively for storage purposes, and while in transit in or on any of the streets, yards, wharves, piers and bulkheads, in any of the Boroughs of the City of New York, or in the Cities of Jersey City and Hoboken, N. J., and while afloat in transit in the ports of said Cities; subject to the following conditions of coinsurance and to the exceptions named below:

NEW YORK STANDARD AVERAGE CLAUSE.—This Company shall not be liable for a greater proportion of any loss or damage to the property described herein than the sum hereby insured bears to

one hundred per cent (100 per cent) of the actual cash value of said property at the time such loss shall happen, nor for more than the proportion which this policy bears to the total insurance thereon.

In the event that the aggregate claim for any loss is both less than ten thousand dollars ($10,000) and less than five per cent (5 per cent) of the total amount of insurance upon the property described herein at the time such loss occurs, no special inventory or appraisement of the undamaged property shall be required.

If the insurance under this policy be divided into two or more items, the foregoing shall apply to each item separately.

CONSEQUENTIAL DAMAGE EXEMPTION CLAUSE

This policy does not cover, and this Company shall not be liable for, any indirect or consequential loss or damage, including loss or damage caused by change of temperature resulting from, occasioned or caused by, the total or partial destruction by fire or lightning, of the refrigerating or cooling apparatus, connections or supply pipes, nor by the interruption of the refrigerating or cooling processes from any cause.

EXCEPTIONS.—This policy does not cover any property which shall at the time of any fire be more specifically insured by this Company or any other insurer.

This policy does not cover on the piers or in the buildings or premises of the New York Central & Hudson River Railroad Co., between 27th and 33rd Streets, and between 62nd and 68th Streets, New York City; nor on the piers or in the buildings or premises of the Erie Railroad, the Central Railroad of New Jersey, the Lehigh Valley Railroad, the Delaware, Lackawanna & Western Railroad and the Pennsylvania Railroad, in Jersey City and Hoboken, New Jersey; nor in any grain elevator or elevator store; nor in any furniture storage store; nor in any building occupied wholly or in part by the insured.

Other insurance permitted without notice until required.

ORDINARY EXCESS FLOATER

(*New York*)

On merchandise consisting principally of.....excluding cotton and other vegetable fibre, and petroleum and its liquid products, the property of the insured, or held by the insured in trust or on commission, or on joint account with others, or sold but not delivered, while contained in any or all of the buildings occupied

exclusively for storage purposes, and while in transit in or on any of the streets, yards, wharves, piers and bulkheads, in any of the Boroughs of the City of New York, or in the Cities of Jersey City and Hoboken, N. J., and while afloat in transit in the ports of said Cities; subject to the following conditions of co-insurance and to the exceptions named below:

NEW YORK STANDARD COINSURANCE CLAUSE FOR EXCESS FLOATING POLICY.—If any property included in the terms of this policy shall at the time of any loss be more specifically insured by this Company or any other insurer, this policy shall extend to cover such property only so far as relates to any excess of value not covered by such other insurance, whether valid or not, and this policy shall be liable on such more specifically insured property only for such loss as shall be in excess of the amount payable by or recoverable from such more specific insurers, whether solvent or otherwise, but in no event shall this Company under this policy be liable for a greater proportion of any loss than the amount of this policy shall bear to.....per cent (.....per cent) of the total cash value of the property covered by this policy including such excess value at the time of any loss.

CONSEQUENTIAL DAMAGE EXEMPTION CLAUSE

This policy does not cover, and this Company shall not be liable for, any indirect or consequential loss or damage, including loss or damage caused by change of temperature resulting from, occasioned or caused by, the total or partial destruction by fire or lightning, of the refrigerating or cooling apparatus, connections or supply pipes, nor by the interruption of the refrigerating or cooling processes from any cause.

EXCEPTIONS.—This policy does not cover on the piers or in the buildings or premises of the New York Central & Hudson River Railroad Co., between 27th and 33rd Streets, and between 62nd and 68th Streets, New York City; nor on the piers or in the buildings or premises of the Erie Railroad, the Central Railroad of New Jersey, the Lehigh Valley Railroad, the Delaware, Lackawanna & Western Railroad and the Pennsylvania Railroad, in Jersey City and Hoboken, New Jersey; nor in any grain elevator or elevator store; nor in any furniture storage store; nor in any building occupied wholly or in part by the insured.

Other insurance permitted without notice until required.

ORDINARY EXCESS COTTON FLOATER

(*New York*)

On cotton and other vegetable fibre, the property of the assured, or held by the assured in trust or on commission, or on joint account with others, or sold but not delivered, while contained in any or all of the buildings occupied exclusively for storage purposes, and while in transit in or on any of the streets, yards, wharves, piers and bulkheads, in any of the Borough of the City of New York, or in the Cities of Jersey City and Hoboken, N. J., and while afloat in transit in the ports of said cities; subject to the following conditions of coinsurance and to the exceptions named below:

NEW YORK STANDARD COINSURANCE CLAUSE FOR EXCESS FLOATING POLICY.—If any property included in the terms of this policy shall at the time of any loss be more specifically insured by this Company or any other insurer, this policy shall extend to cover such property only so far as relates to any excess of value not covered by such other insurance, whether valid or not, and this policy shall be liable on such more specifically insured property only for such loss as shall be in excess of the amount payable by or recoverable from such more specific insurers, whether solvent or otherwise, but in no event shall this Company under this policy be liable for a greater proportion of any loss than the amount of this policy shall bear to.....per cent (.....per cent) of the total cash value of the property covered by this policy (including such excess value) at the time of any loss.

EXCEPTIONS.—This policy does not cover on the piers or in the buildings or premises of the New York Central & Hudson River Railroad Co., between 27th and 33rd Streets, and between 62nd and 68th Streets, New York City; nor on the piers or in the buildings or premises of the Erie Railroad, the Central Railroad of New Jersey, the Lehigh Valley Railroad, the Delaware, Lackawanna & Western Railroad and the Pennsylvania Railroad, in Jersey City and Hoboken, New Jersey; nor in any grain elevator or elevator store; nor in any furniture storage store; nor in any building occupied wholly or in part by the assured.

Other insurance permitted without notice until required.

Note: The following form was used to protect a telephone company against loss on telephone apparatus in hands of subscribers scattered throughout a given city.

TELEPHONE COMPANY FLOATER

.....Telephone Company

$....On the telephones, telephone instruments, switchboards, exchanges, wires, cables, operating tables and attachments and

all other equipment and paraphernalia and furniture and fixtures pertaining thereto, while contained in or on, or attached to any building or buildings in the corporate limits of....., except the premises of the insured occupied by them for Central Office Telephone Exchanges and supply warehouses and property upon which they have specific insurance, covering such property against the same hazard.

In consideration of the rate and/or form under which this contract is written, it is expressly understood and agreed that the insured shall not make claim for any loss less than $.... in amount nor shall this Company be liable for more than its pro rata proportion of $....in any one building, or communicating building not separated by fire walls or standard cut off.

In case of loss or damage the insured shall give this Company notice thereof without delay, but may make immediately all necessary repairs, and shall not be required to furnish proofs of loss until such repairs have been completed.

(Attach coinsurance and other usual clauses.)

Note: This form was used to protect a gas company against loss, due to explosion of any of its meters, in case it was held liable for ensuing damage.

GAS COMPANY LEGAL LIABILITY

On its legal liability for damage to property wherein gas is served by the insured located.....

This policy does not cover damage to city or other public property, or to public streets, highways and pavements, or to property in, on or under streets, highways and pavements.

It is understood and agreed that this legal liability insurance does not apply to any properties occupied by the insured.

Anything in the printed conditions of this policy to the contrary notwithstanding, liability hereunder is limited to direct loss or damage to property by explosion of natural gas served by the insured for a consideration in said city; but damage by fire is not covered whether resulting from such explosion or not.

The liability of this company in any one loss is hereby limited to.....

It is hereby warranted by the assured that there were twenty-three thousand meters in use as shown by its books at the time this policy was issued and it is a condition of this insurance that if the number of meters increase in an amount exceeding 10 per cent of the original total, then in event of loss this insurance

shall not be liable for an amount greater than the original number of meters insured bears to 90 per cent of the total number of meters in use at the time of loss.

It is a condition of this contract that the insured shall give immediate notice of any claim for damage to property served by it, and that the insured shall immediately forward to the company's home office copies of every summons or other process as soon as same is served. No expenses of adjustments, attorneys' fees, or legal expenses of any nature shall be charged to..... Insurance Company without its knowledge and consent.

EXCESS INSURANCE FORM

(Illustration)

$....On stock consisting principally of.....while contained in the.....building and additions adjoining and communicating, situate.....

It is hereby understood and agreed:

That the insured shall maintain $.....specific insurance on the above described stock; that this insurance shall not be liable for any loss except for that portion in excess of said $....., and then only in the proportion that the total amount of the insurance under this policy shall bear to the excess of the value of stock over the said $.....

(Attach usual clauses.)

EXCESS INSURANCE FORM

(Illustration)

$....On the building and additions adjoining and communicating, and on all contents thereof, (including property specifically enumerated in the policy on which liability is required to be specifically assumed, but excluding accounts, bills, currency, deeds, evidences of debt, money, notes, or securities), belonging to the insured, or in which the insured has an interest to the extent of such interest, or for which the insured may be liable at the time of fire, occupied principally for.....purposes, situate.....

It is understood and agreed that this insurance shall not be prejudiced by the fact that any of the property herein insured is located on land to which the assured has not title in fee simple, it being the intention that the insurance covers on any and all buildings and property as specified herein that are located on land for which assured holds lease, easement, right of way or any other title; and also covers in cases where as yet no title has been

acquired. It is further understood and agreed that any error in description, location, situation, occupation or non-occupation of any building or other property named herein shall not operate to the prejudice of the insured.

Other insurance permitted without notice until required.

It is understood and agreed that this insurance does not cover cost of excavations and foundations of buildings below the level of the ground.

It is understood and agreed that above property may be occupied or used for such purposes as the interest of the assured may require with the customs and hazards incident thereto and may be unoccupied during the customary season.

Permission for mechanics and others to work on the premises day and night, and to make ordinary additions, alterations and repairs but this shall not be held to include the constructing or reconstructing of the building or buildings or the erection of an addition or the enlargement of the premises.

All the foregoing provisions to be held binding as special agreements, anything in this policy contained as to storage or occupancy, use of property, or as to its hazardous or extra hazardous character or otherwise to the contrary notwithstanding.

Electric Light Clause and Lightning Clause attached.

It is understood and agreed that this insurance shall not attach and that no claim shall be made hereunder unless the loss on the property above described by or in consequence of any one fire exceeds $100,000 and then this insurance shall be liable only for its proportion of loss in excess of said $100,000.

This Company shall not be liable for a greater proportion of any loss or damage to the property described herein than the sum hereby insured bears to ninety (90 per cent) percentum of the actual cash value of said property at the time such loss shall happen.

A General Cover or Multiple Location Contract, while it may provide for insurance anywhere within wide limits, is not floating insurance, because it requires that insurance shall be specific at stated locations which are given in detail in the statements of value which the insured must render under the terms of said agreement.

Formerly such contracts were written without any standardized rules, forms or rates, but now are under the purview of the following organization:

Interstate Underwriters Board: (See also in Part I of this book). In this era of chain stores, of manufacturers and

wholesalers who distribute their products through warehouses or stores at many points in one State, or in several States, such property owners are faced with the problem of insuring, from one headquarters, stocks of goods located in numerous places and fluctuating in value. The I. U. B. was formed for the purpose of solving this problem in a way to involve a minimum amount of detailed work for the property owner, the agent or broker and the insurance companies and to facilitate the furnishing of adequate insurance protection.

Merchandise (except cotton, grain and mineral oils), and in connection therewith supplies, furniture and fixtures and the insured's interest in improvements and betterments to buildings, may be insured under I. U. B. rules providing there are five or more separate locations under a single ownership. The perils of fire, lightning, windstorm, explosion, riot and civil commotion and sprinkler leakage may be covered. All business written under the rules of the I. U. B. originates through agents or brokers and a specified commission or brokerage is allowed by the company in which the policy is written. The services of the I. U. B. are available to any duly authorized agent or broker in the United States.

In submitting a risk for advisory rating by the I. U. B. the first step is to secure a signed authorization to represent the insured, coupled with a duly filled out and signed application blank for the particular form of contract desired. Blanks for this purpose are available on request direct to the I. U. B., or to any member company. When completed this authorization and application usually goes to a member company and by it is submitted to the I. U. B. for advisory average rating, but may be sent direct to the I. U. B. office. The application supplies information as to locations, average values, limits of insurance desired and the antecedents of the risk, but does not obligate the signer to buy the insurance. Upon receipt of an application involving five or more locations, whether in one or more States, the I. U. B. obtains from the respective rating organizations the specific rates at the various locations and with these as a basis computes one average advisory rate covering all locations. If the insurance is ordered a master policy is issued in a company office and sent to the agent

or broker of record for delivery to the insured. Supplementary or underlying policies are issued for the purpose of reporting premiums to each State where property is covered, or to comply with the law in regard to resident agents or policy requirements. These supplementary policies are retained by the company writing the master policy.

I. U. B. forms of policies constitute excess insurance over and above the specific insurance; require reporting of full actual values by the insured; and while containing in effect a 100 per cent coinsurance or contribution clause, the insured need have no fear of penalty thereunder if honestly reporting the values as required. Specific insurance may be carried at any one or at all locations to protect values in excess of the limits of liability at such locations, and when so written should have 100 per cent Reduced Rate Clause attached.

Specific insurance other than described above should not be written unless agreed to in the application for the insurance and disclosed by written endorsement on the master policy showing location, expiration and amount, which should be sufficient to protect peak values at any one location when considered in connection with the limits of liability specified in the master policy. Monthly reports of values at each location are made by the insured to the company and these monthly values are averaged at the end of the year; hence increases and reductions in effect are upon a pro rata basis. The obvious advantage of such a policy is the provision for covering fluctuations in value without the burden of endorsing existing policies, or cancelling them, or writing new policies during the year; also automatic insurance protection in new locations.

I.U.B. Reporting Form No. 1. To cover merchandise, supplies, patterns and dies, furniture and fixtures, machinery incidental to stores and warehouses and the assured's interest in improvements and betterments to buildings in Branch Stores, Retail Stores, Distribution Points and warehouses under single ownership—a minimum of five locations required.

In certain border line cases on classes specifically made eligible this form may cover in what may be termed processing plants, such as alcoholic spirits in warehouses on premises of distilleries, bakeries, biological laboratories, bottling works, carbon black plants, cheese factories, condensed and evaporated milk plants, creameries and ice cream factories, creosoting plants, fertilizer factories, naval stores, restaurants, Leased Personal Property insured in the name of the owner, Lumber Yards, including such buildings, sheds, platforms, tramways, and other structures and their contents as are usual to Lumber Yards and which are rated as a part of such yards, but in no case to include any building or other structure or its contents the occupancy, size or construction of which requires specific rating (not rated as a part of the Lumber Yard under the Lumber Yard Schedule) unless eligibility of such building or other structure is certified to by the Rating Bureau having jurisdiction. Machinery incidental to tobacco warehouses, prizeries, and stemmeries, when written in conjunction with the stock, may also be written under Form No. 1. Eligible property may be covered in detached warehouses at manufacturing plants owned or controlled by the assured or in warehouses communicating with manufacturing buildings and cut off in a manner approved by the Rating Board having jurisdiction. When the cover is extended to these specifically eligible classes, "Paragraph B" of the Exclusion Clause may be deleted from the form.

Note—The Provisional Deposit Premium, Shall Be Not Less Than $500.

(Edition Feb., 1939)

FORM NO. 1

This Policy Insures

.....

$....on goods, wares and merchandise consisting principally of .....including packages for and/or containing the same, usual or incidental to the business of the assured; to include store, office and warehouse Furniture and Fixtures and machinery incidental to stores and warehouses; the property of the assured, or held in trust, or on consignment, or for which the assured may be liable in the event of loss or damage, all while contained in any building, shed or structure or within 100 feet thereof, within the limits of.....

.....

1. PROVISIONAL AMOUNT CLAUSE—The amount of insurance provided for hereunder is provisional, and is the amount on which the deposit premium is based, it being the intent of this insurance to insure hereunder the total value of the property described herein

subject to the limits of liability and provisions for other insurance herein provided. Any loss in excess of the limits stated in this contract shall be borne by the assured or by such other insurance to the extent of such excess, notwithstanding the requirement that premium is to be adjusted on the basis of full values reported.

2. EXCLUSION CLAUSE—This policy does not cover

"A" Motor vehicles, property in transit, or property at or in fairs or expositions.

"B" Property in any manufacturing building owned or controlled by the assured.

"C" At any location where the assured had property as above described which was not declared to this Company unless included in the first report of values as provided in the Value Reporting Clause and is then subject to the limit of liability of an acquired location as indicated in the last item of Paragraph No. 3—Limit of Liability.

3. LIMIT OF LIABILITY—This policy being for the provisional amount of $....., being.....% of the total contributing insurance, liability of this Company is limited to the same percentage of any loss and in no event to exceed the same percentage of each of the following limits, but no insurance attaches under any one or more of the following limits unless a definite amount is specified as a limit and inserted in the blank immediately opposite the location item:

Limit of Liability for all Contributing Insurance	Location Street Address and City
$.....	at.....
$.....	at.....
$.....	at.....
$.....	at.....
$.....	at any other location declared at the inception of this insurance.
$.....	at any other location acquired if included in the next succeeding monthly Report of Values as provided in the Value Reporting Clause.

4. CONTRIBUTING INSURANCE CLAUSE—Permission granted for other insurance written upon the same plan, terms, conditions and provisions as those contained in the form attached to this policy, i. e., insurance written upon this premium adjustment coverage form; this insurance shall contribute, in accordance with the printed conditions of this policy, against any hazard insured by this policy or its riders only with other insurance as defined above.

5. SPECIFIC INSURANCE CLAUSE—Insurance other than described in the Contributing Insurance Clause shall be known as specific insurance, and in the computation of the final premium it shall not be permissible to deduct or credit such specific insurance against the values shown in the monthly reports, except that specific insurance covering the identical property as is insured by this policy, shall be permitted and credit given for same in the final adjustment of the premium only,

"A" When it has been necessary to procure such insurance to protect values in excess of the limits of liability of this policy, or

"B" When disclosed by written endorsement hereon showing location, expiration and amount.

6. EXCESS CLAUSE—This policy does not attach to or become insurance against any hazard upon property herein described, which at the time of any loss is insured as defined by the Specific Insurance Clause, until the liability of such specific insurance has been exhausted, and then shall cover only such loss or damage as may exceed the amount due from such specific insurance (whether valid or not and whether collectible or not) after application of any contribution, co-insurance, average or distribution or other clauses contained in policies of such specific insurance affecting the amount collectible thereunder, not, however, exceeding the limits as set forth herein.

7. VALUE REPORTING CLAUSE—It is a condition of this policy that the assured shall report to this Company not later than thirty (30) days after the last day of each month, the exact location of all property covered hereunder, the total value of such property at each location and all specific insurance in force at each of such locations on the last day of each month. At the time of any loss, if the assured has failed to file with this Company reports of values as above required, this policy, subject otherwise to all its terms and conditions, shall cover only at the locations and for not more than the amounts included in the last report of values, filed prior to the loss.

8. FULL REPORTING CLAUSE—Liability under this policy shall not in any case exceed that proportion of any loss hereunder, which the last reported value less the value insured by reported specific insurance, if any, at the location where any loss occurs bears to the actual value less the value insured by specific insurance, if any, at that location at the time of such report. Liability for loss hereunder, occurring at any location acquired since filing the last report (except as provided by the Value Reporting Clause) shall be apportioned in a like manner except that the proportion used shall be the relation that values reported at all locations less

reported specific insurance, if any, bear to the actual values less the value insured by specific insurance, if any, at all locations at the time of such report.

9. PREMIUM ADJUSTMENT CLAUSE—The premium named in this policy is provisional only. The actual premium consideration for the liability assumed hereunder shall be determined, at the expiration of this policy, by application of the following formula:

"A" An average of the total of monthly values reported for the term of the policy shall be made and if the premium on said average at the rate herein provided exceeds the provisional premium, the assured shall pay to the insurer an additional premium for such excess. If such premium is less than the provisional premium, the insurer shall refund to the assured any excess paid.

"B" In calculating the total monthly values, permitted specific insurance at any location, if reported, shall be deducted from the value reported at that location in that month and the remaining value shall be used.

10. RETAINED PREMIUM CLAUSE—It is a further condition of this policy, anything to the contrary notwithstanding, that the final adjusted premium as provided in the Premium Adjustment Clause shall in no event be less than $300.

11. LOSS REINSTATEMENT CLAUSE—It is a condition of this policy that in case of loss occurring hereunder the premium applicable to the amount of loss payment shall be earned for the term of the contract and the amount of such loss shall be automatically reinstated after its occurrence and this insurance shall then cover for the amount provided for hereunder and, in consideration of such reinstatement it is a condition of this policy that the assured shall pay this Company an additional premium at pro rata of the rate for the unexpired term of this policy on the amount of the loss paid and said premium may be deducted from the payment of said loss.

12. VERIFICATION OF VALUES—This Company or its duly appointed representative, shall be permitted at all reasonable times during the term of this policy, or within a year after its expiration, to inspect the property covered hereunder and to examine the assured's books, records and such policies as relate to any property covered hereunder. This inspection and/or examination shall not waive or in any manner affect any of the terms or conditions of this policy.

13. NOTICE OF UNDERLYING POLICY CLAUSE—Notice is hereby given that underlying policies will be issued hereunder in compliance with State Laws but shall not be considered as additional or contributing insurance.

14. This policy may be cancelled by either the assured or this Company in accordance with the printed conditions of the policy.

15. This policy attaches and expires at any location at noon, meaning thereby noon standard time at such location.

16. Except as otherwise provided in this form all privileges which are necessary to maintain the validity of the contract as required by the printed conditions of this policy are hereby granted and all notices likewise required to be given to the Company by the assured are hereby waived with the exception of requirements applying at the time of or subsequent to a loss.

17. If any condition occurs to vitiate the terms of this insurance said violation shall apply only to property at the location wherein the violation occurs; and when such condition is removed this policy is automatically reinstated.

18. CIVIL AUTHORITY CLAUSE—(This Clause does not apply to property located in the States of New Jersey and Virginia)—This policy is extended to insure against direct loss and damage to the described property caused by acts of destruction executed by duly constituted civil authority at the time of and only during a conflagration when necessary for the purpose of retarding the same, subject, however, to all other terms and conditions of the policy; provided, however, this Company shall not be liable for a greater proportion of any loss or damage from the peril included in this Clause than the proportion this Company would assume under the terms of the fire policy to which this Clause is attached had the loss been caused by fire.

LIGHTNING AND ELECTRICAL APPARATUS CLAUSE

(This Clause void as to Tornado Insurance)

Except as hereinafter provided, this policy also covers direct loss or damage to the property described in this policy caused by lightning (meaning thereby the commonly accepted use of the term "lightning" and in no case to include loss or damage caused by cyclone, tornado or windstorm) whether fire ensues or not.

If dynamos, exciters, lamps, motors, switches, electric automobiles, radio apparatus, or other electrical appliances or devices are covered under this policy, this Company shall not be liable for any electrical injury or disturbance to the said electrical appliances or devices whether from artificial or natural causes unless fire ensues, but if fire does ensue, then, in consideration of the rate of premium at which this policy is written, this Company shall be liable for its proportion of loss or damage caused by such ensuing fire.

It is also a condition of this policy that this Company shall not be liable for a greater proportion of any loss or damage by Lightning than the proportion this Company would assume under the terms of the fire policy to which this is attached had the loss been caused by fire.

Usual Permitted Clauses May Be Attached.

I.U.B. Reporting Form No. 2. To cover oil in tanks (other than mineral oils), stock in manufacturing plants of strictly seasonal nature such as fertilizer factories, vegetable oil mills, canning factories, preserving factories, syrup factories, stock of sugar in warehouses at refineries, and beans, seeds, and seed grain in elevators, tanks and warehouses, seasonal produce warehouses, and the like, under single ownership—a minimum of five locations required.

The entire plant and not each individual unit is considered as one location.

Plants of strictly seasonal nature are defined as manufacturing risks which operate each year but where the nature of the raw stock normally prevents continuous operation during the entire year.

Note—The Provisional Deposit Premium Shall Be Not Less Than $500.

(Edition Feb., 1939)

FORM NO. 2

This Policy Insures

.....

$.....on goods, wares and merchandise consisting principally of .....including packages for and/or containing the same, usual or incidental to the business of the assured; the property of the assured, or held in trust, or on consignment, or for which the assured may be liable in the event of loss or damage, all while contained in any building, shed or structure or within 100 feet thereof, within the limits of.....

.....

1. PROVISIONAL AMOUNT CLAUSE—The amount of insurance provided for hereunder is provisional and is the amount on which the deposit premium is based, it being the intent of this insurance to insure hereunder the total value of the property described herein subject to the limits of liability and provisions for other insurance herein provided. Any loss in excess of the limits stated in this contract shall be borne by the assured or by such other insurance to the extent of such excess, notwithstanding the requirement that premium is to be adjusted on the basis of full values reported.

2. EXCLUSION CLAUSE—This policy does not cover

"A" Motor vehicles, property in transit, or property at or in fairs or exposition.

"B" At any location where the assured had property as above described which was not declared to this Company unless included in the first report of values as provided in the Value Reporting Clause and is then subject to the limit of liability of an acquired location as indicated in the last item of paragraph No. 3—Limit of Liability.

Note—The balance of this form is the same as Form No. 1 except for the Value Reporting Clause, Full Reporting Clause and Premium Adjustment Clause which read:

7. VALUE REPORTING CLAUSE—It is a condition of this policy that the assured shall report to this Company not later than thirty (30) days after the last day of each month, the exact location of all the property covered hereunder, the average of the weekly values of such property during each month at each location and the average of any other insurance in force during each month at each location. At the time of any loss, if the assured has failed to file with this Company reports of values as above required, this policy, subject otherwise to all its terms and conditions, shall cover only at the locations and for not more than the amounts included in the last report of values filed prior to the loss.

8. FULL REPORTING CLAUSE—Liability under this policy shall not in any case exceed that proportion of any loss hereunder, which the last reported value less the value insured by reported specific insurance, if any, at the location where any loss occurs bears to the actual average value less the value insured by specific insurance, if any, at that location at the time of such report. Liability for loss hereunder, occurring at any location acquired since filing the last report (except as provided by the Value Reporting Clause), shall be apportioned in a like manner except that the proportion used shall be the relation that values reported at all locations less reported specific insurance, if any, bear to the actual average values less the value insured by specific insurance, if any, at all locations at the time of such report.

9. PREMIUM ADJUSTMENT CLAUSE—The premium named in this policy is provisional only. The actual premium consideration for the liability assumed hereunder shall be determined, at the expiration of this policy, by application of the following formula:

"A" An average of the total of monthly values based on an average of weekly values reported monthly for the term of the policy shall be made and if the premium on said average at the rate herein provided exceeds the provisional premium, the assured shall pay to the insurer an additional premium for such excess. If such premium is less than the provisional premium, the insurer shall refund to the assured any excess paid.

"B" In calculating the total monthly values, based on weekly averages as above, an average of the permitted specific insurance at any location, if reported, shall be deducted from the value reported at that location in that month and the remaining value shall be used.

I.U.B. Form No. 5 (Co-Insurance Floater). This is a non-reporting co-insurance floater to cover the same property as I.U.B. Form No 1. Either 90% or 100% co-insurance clause for floating policies obligatory, using the percentage of co-insurance specified in the advisory average rate. Unless agreed to in the application specific insurance is permitted only to protect values in excess of limits named at any one location.

Note—Minimum Premium for This Form, $300.00.

(Edition Feb., 1939)

FORM NO. 5

This Policy Insures

.....

$.....on goods, wares and merchandise consisting principally of .....including packages for and/or containing the same, usual or incidental to the business of the assured; to include store, office and warehouse Furniture and Fixtures and machinery incidental to stores and warehouses; the property of the assured, or held in trust, or on consignment, or for which the assured may be liable in the event of loss or damage, all while contained in any building, shed or structure or within 100 feet thereof, within the limits of.....

1. EXCLUSION CLAUSE—This policy does not cover
   "A" Motor vehicles, property in transit, or property at or in fairs or expositions.
   "B" Property in any manufacturing building owned or controlled by the assured.
   "C" At any location where the assured had property as above described which was not declared to this Company at the inception of this insurance.

2. LIMIT OF LIABILITY—The liability of this Company for loss by any one fire shall not exceed.....% of the following limits, but no insurance attaches under any one or more of the following limits unless a definite amount is specified as a limit and inserted in the blank immediately opposite the location item:

Limit of Liability for all Contributing Insurance	Location Street Address and City
$.....	at.....
$.....	at.....
$.....	at any other location declared in the application for this insurance.
$.....	at any other location within the above geographical limits acquired after the inception of this policy.

3. SPECIFIC INSURANCE CLAUSE—It is a condition of this policy that the assured shall have the privilege of placing specific insurance, only when necessary to protect the values in excess of the limits hereunder, unless agreed to in the application made for this insurance; otherwise this policy shall be null and void.

4. EXCESS CLAUSE—If any property included in the terms of this policy shall at the time of any loss be more specifically insured by this Company or any other insurer, this policy shall extend to cover such property only so far as relates to any excess of value not covered by such other insurance, whether valid or not, and this policy shall be liable on such more specifically insured property only for such loss as shall be in excess of the amount payable by or recoverable from such more specific insurers, whether solvent or otherwise, but in no event shall this Company under this policy be liable for a greater proportion of any loss than the amount of this policy shall bear to.....% of the total cash value of the property covered by this policy (including such excess value) at the time of any loss.

5. NOTICE OF UNDERLYING POLICY CLAUSE—Notice is hereby given that underlying policies will be issued hereunder in compliance with State Laws but shall not be considered as additional or contributing insurance.

6. This policy attaches and expires at any location at noon, meaning thereby noon standard time at such location.

7. Except as otherwise provided in this form all privileges which are necessary to maintain the validity of the contract as required by the printed conditions of this policy are hereby granted and all notices likewise required to be given to the Company by the assured are hereby waived with the exception of requirements applying at the time of or subsequent to a loss.

8. If any condition occurs to vitiate the terms of this insurance said violation shall apply only to property in the building wherein the violation occurs; and when such condition is removed this policy is automatically reinstated.

9. Permission for other con-current insurance.

Civil Authority, Lightning and Electrical Apparatus Clauses same as Form No. 1.

Other usual permitted Clauses attached.

Co-Insurance Class Floater. A number of rating jurisdictions have recently revised their rules and forms on a uniform basis for the above class of cover particularly designed to cover widely scattered stocks where the value at each loca-

tion is small, excluding, however, merchandise at the assured's principal place of business.

Where it is necessary to cover property in more than one State, applications similar to that required for Co-Insurance Floater Form No. 5 should be made to the I.U.B. In such application average values are to filed in lump sums by States and not by street names, numbers, cities or towns. There is no minimum premium requirement, but five or more separate locations should be in evidence to justify this cover. 100% co-insurance mandatory.

(Edition Feb., 1939)

CLASS FLOATER FORM

$.....on goods, wares and merchandise consisting principally of .....including packages for and/or containing the same, usual or incidental to the business of the assured; to include store, office and warehouse Furniture and Fixtures; the property of the assured, or held in trust, or on consignment, or for which the assured may be liable in the event of loss or damage at locations within the limits of.....
.....

1. EXCLUSION CLAUSE—This policy does not cover
   (A) Motor vehicles or, unless specifically covered by endorsement hereon, property in transit.
   (B) Property at the assured's principal places of business at .....

2. LIMIT OF LIABILITY—Liability for loss by any one fire shall not exceed this Company's proportion under this policy of $.....

3. EXCESS CLAUSE—If any property included in the terms of this policy shall at the time of any loss be more specifically insured by this Company or any other insurer, this policy shall extend to cover such property only so far as relates to any excess of value not covered by such other insurance, whether valid or not, and this policy shall be liable on such more specifically insured property only for such loss as shall be in excess of the amount payable by or recoverable from such more specific insurers, whether solvent or otherwise, but in no event shall this Company under this policy be liable for a greater proportion of any loss than the amount of this policy shall bear to.....% of the total cash value of the property covered by this policy (including such excess value) at the time of any loss.

4. This policy attaches and expires at any location at noon, meaning thereby noon standard time at such location.

5. The printed conditions of this policy applying to occupancy or hazards are waived at locations over which the assured has no control.

6. Permission for other con-current insurance.

7. CIVIL AUTHORITY CLAUSE (same as Form No. 1)

LIGHTNING AND ELECTRICAL APPARATUS CLAUSE
(Same as Form No. 1)

Profits and/or Commissions. If on property otherwise eligible, profits and commissions insurance may be written on both a broad and limited form on finished stock in the hands of its manufacturer, or on special or consigned stock in storage under an approved form of the I.U.B. Eligibility rules for this form are similar to those applying to the rules for I.U.B. Forms 1, 2 and 5. A separate premium is required in addition to the premium otherwise charged for fire and extended coverage.

I.U.B. PERMITTED ENDORSEMENTS

IMPROVEMENTS AND BETTERMENTS

Subject to all its conditions, this policy is extended to cover loss or damage, if any, to Improvements and Betterments to buildings (except to buildings owned by the assured). This Company agrees to accept and consider the assured in the event of loss or damage in the position of sole and unconditional owner of such Improvements and Betterments, any contract or lease the assured may have made to the contrary notwithstanding.

This Endorsement shall not be valid unless signed by a duly authorized representative of the Company.

Attached to and forming part of Policy No..... of the..... Insurance Company of.....

.....
Officer or Agent.

MARKET VALUE CLAUSE

Under this policy the value of stock, raw and/or finished, shall be the market price at the time and place of loss less all discounts and charges to which such stock would have been subject had no loss occurred. Monthly reports of values as required under the contract shall be reported on the same basis.

Attached to and forming part of Policy No..... of the..... Insurance Company of.....

.....
Officer or Agent.

There is a special endorsement applicable when I.U.B. Form No. 1 or No. 2 is attached to other than a fire insurance policy and less than full insurance to value is written, which reads as follows:

> "In consideration of the rate at which this policy is written the form attached hereto is modified, it being the intention of this insurance to cover.....% of the actual value at any location, and adjustments of the premium shall be made on the same percentage, and liability shall be limited to the same percentage of the actual value at the time and place of loss, but not exceeding this Company's proportionate interest or the stated limit of liability."

There are also a number of other permitted endorsements, i.e., Extended Coverage, Sprinkler Leakage, Vandalism and Malicious Mischief, and Unearned Premium Insurance, applicable to both reporting and non-reporting forms.

Note: The foregoing I.U.B. forms are written at an advisory average rate with a provisional premium developed by applying the average rate to the total estimated average values at all locations. Final adjusted premium is developed by applying the average rate to the actual average values at locations for the term of the policy. It is customary to write these policies only on an annual basis since the advisory rates promulgated by I.U.B. are void after one year. However, a policy may be written for three years at three full annual rates, subject to an annual adjustment and annual review of the advisory rate.

In addition to the foregoing forms of cover there has been provided under the general supervision of the I.U.B. other forms (herein described as A and B) for the writing of stocks, when under a single ownership, at two or more locations in one or more states. According to rules promulgated by the various regional and rating organizations, these are written at specific rates applying at each location and are issued by the agent, if all locations are in a single state, or by the company if there are locations in more than one state. No form of application is required for reference to the I.U.B. on such business, but if covering five or more locations and an advisory average rate is desired, then it must go through the regular course described in the foregoing. The form of these covers, the requirement for monthly report of values, automatic protection at new locations and

other provisions, are the same in principle as described in the regular I.U.B. forms.

Single or Interstate Forms A and B. In practically every state forms have been filed that are similar in principle to I.U.B. Forms 1 and 2 for use in writing reportng policies covering two or more locations at the specific rates applying at each location, as previously explained. The only important changes in Forms A and B from I.U.B. Forms 1 and 2 respectively, so far as eligible classes are concerned, are that the provisional deposit premium under Form A shall be 75% of the sum of the annual premiums at each location listed and for Form B shall be 50% of such sum, in both cases computed on the stated limit of liability and at the specific rate applying at each location; also a provision for paying an additional premium for new locations added; permission for specific insurance without the same conditions; and that the provisional and final adjusted premium shall not be less than $100 as a minimum per policy.

Location Rule. In order for an account involving less than five locations to be eligible, there must be aggregate values at other than the principal location to justify "limits of liability" of not less than 10% of the total provisional insurance shown in the form attached to the policy. If reports of value, when received, do not justify the limits of liability stated in the form, the risk shall become ineligible for reporting form. A "location" is defined as follows:

The contents of four walls non-communicating. This definition is modified in its application to manufacturing plants. The entire plant and not each individual unit shall be considered as one location, or if retail lumber yards, each individual yard must be separated from any other yard at least 100 feet in order to be considered as a separate location.

MERCHANDISE AND FIXTURE FORM WITH PROVISIONAL AMOUNT OF INSURANCE

(Western Underwriters Territory)

This Merchandise and Fixture Form with provisional amount of insurance takes care of the fluctuation in value of merchandise in mercantile risks at one or more locations and also those special risks which are eligible for single

state A reporting form coverage. A review of the Merchandise and Fixture Form rules will indicate that they are the same with respect to eligible risks as are the rules governing single state reporting Form A contract. The form, however, differs from single state reporting form contracts in that it provides for the adjustment of insurance each month where there is a fluctuation in value.

In some States such as those in the Pacific Coast territory and Texas a reporting form policy is permissible at one location, although the method of operation is practically the same as Form A and B.

The foregoing describe the more common forms in general use. There are other reporting forms for grain, crude petroleum and its products, cotton, builder's risk, potatoes in Maine, and loose-leaf tobacco in auction warehouses in the South and West.

DIVISION XV

MISCELLANEOUS FORMS

Herein are included various unclassified forms which may prove of value. This list might be extended almost indefinitely, for there are a very large number of special conditions which require forms drawn to provide the specific cover necessary. This is particularly true of those forms that cover contingent liabilities, but these vary so greatly as to make any one form of little value.

BUILDER'S RISK—OWNER'S FORM

(Contractor's interest not covered)

$....On the interest of the insured to the extent of payments made thereon in the.....building and additions, in course of construction, including all fixtures installed therein, situate.....

(Attach usual or required clauses.)

BUILDER'S RISK—CONTRACTOR'S FORM

(Owner's interest not covered)

$....On the interest of the insured in the.....building and additions in course of construction, including all materials and supplies therefor, also all contractor's equipment, while on the site of said building or within.....feet thereof, situate.....

(Attach usual or required clauses.)

BUILDER'S RISK FORM

(Owner's and contractor's interest)

$....On the.....building and additions, in course of construction, including all permanent fixtures and all materials and supplies for use in the construction or completion of said building, while contained on its site or within.....feet thereof situate .....

(Attach usual or required clauses.)

Note: With this form policy may be issued to owner and contractor as interest may appear, or, to either individually with loss payable to the other as interest may appear.

BUILDER'S RISK FORM

(Uniformity West)

$....On the.....story.....roof.....building, including plumbing, electric wiring and stationary heating, lighting,

foundations, ventilating and refrigerating apparatus and fixtures therein; and all permanent fixtures belonging to and constituting a part of said building, which is now in process of erection and to be occupied when completed as a.....and, when not otherwise insured, this item shall also cover building materials to be used in the construction of said building while contained therein or on the premises immediately adjacent thereto; situated..... City of.....Town of.....State of Ohio.

It is made a condition of this insurance that the premises shall not be occupied for manufacturing, mercantile or for any other purposes during the continuance of this policy, without obtaining the written consent of this company hereon; excepting that machinery may be set up and operated solely for the purpose of testing the same without prejudice to this policy.

CAUTION.—See that due care is exercised in regard to cleaning up shavings, oily rags, and other refuse.

Loss, if any, to be adjusted only with the insured named herein and payable to the insured and.....as their respective interests may appear, subject, nevertheless, to all the terms and conditions of the policy.

(Attach usual clauses.)

BUILDER'S RISK

(*S. E. U. A.*)

$....On the.....story.....building, with.....roof, its additions and foundations, including permanent heating apparatus, gas and electric light fixtures and wires, plate and stained glass, wall and ceiling decorations, frescoes, gas and water pipes, plumbing, and all permanent fixtures, now in course of construction; also all material to be used in the construction of said building, while in and on the premises, situated No.....on the..... side of.....Street, Block No.....in..... When completed to be occupied for.....purposes only, provided the consent of this Company is endorsed hereon.

If the above building is to be occupied for manufacturing purposes, assured may set up machinery, but warrants that it will not be operated except for testing purposes, unless permission is endorsed hereon.

Any loss that may be ascertained and proven to be due the assured under this policy shall be held payable to.....as interest may appear, subject, nevertheless, to all the terms and conditions of this policy.

BUILDER'S RISK REPORTING FORM

Insurance against fire and lightning or tornado may be issued on the above; each State has its own form but the usually found conditions are as follows:

1. Contract shall provide for full insurance to value.
2. Initial statement to be made and policy issued for an amount equaling full actual value at that date. At the expiration of one month from date of policy, the insured shall furnish a statement of the actual value as of that date, and additional insurance for the difference between the initial amount and the amount shown in said statement shall then be written as of a date fifteen (15) days (one-half month) prior to the date of said statement. Similar statements shall be made each month and additional insurance for the difference between the amount then written and the amount shown in said statement, shall then be written as of a date fifteen (15) days (one-half month) prior to the date of each such report.
3. All initial and periodical statements to be furnished to interested companies and to be subject to verification by such companies.
4. All endorsements increasing the amount of insurance and/or cancellation or reduction shall in each case be made as provided by the rules.
5. All contracts shall contain a provision that the insured shall be indemnified for not more than that proportion of the loss, which the last reported value bore to the actual value at the time of such last report, and in no event for more than the actual loss.

Note: The following form or one similar in cover is in use in practically all States.

BUILDERS' RISK REPORTING FORM WITH AUTOMATIC COVER (1939)

(For use on either fire, windstorm or combined fire and windstorm policies)

*$.....On the.....story.....roof ..... building, including plumbing, electric wiring and stationary heating, lighting, ventilating, refrigerating and air-conditioning apparatus and fixtures therein; boilers; stationary scales and elevators; metal smokestacks, signs and awnings; and all permanent fixtures belonging to and constituting a

part of said building, in course of construction, including building materials while contained therein or on the premises immediately adjacent thereto; to be occupied as .....situated (here give street number, or lot or block number or township, section and range) .....
City of.....Town of.....State of.....

When not otherwise insured this policy also covers builders' sheds and machinery, fences, barricades, temporary sidewalks, tools, equipment and apparatus of every description entering into or used in the construction of said building, whether in or on said building or on the premises above described or immediately adjacent thereto, owned by the insured or for which the insured is liable.

This policy covers the building described herein in all stages of construction, the exemptions with reference to buildings in course of construction or reconstruction stated in the printed conditions of the policy to the contrary notwithstanding.

AUTOMATIC COVER CLAUSE: The amount of insurance provided hereunder is based upon statements of values submitted as required below, it being the intent to insure the property covered herein as the value of such property increases, but it is a condition of this insurance that this Company's liability shall not exceed.....% (hereinafter referred to as "this Company's percentage") of the *Limit of Liability* of.....Dollars ($.....) nor shall this Company's liability exceed such percentage of any loss, subject to the following conditions.

VALUE REPORTING CLAUSE: It is a condition of this policy that the insured shall submit to this Company a statement of values of the property covered, monthly after the commencement date of this policy. The policy shall then be endorsed to the amount of the value shown on the statement; additional premium being computed to the expiration of the policy from the date midway between the dates of the current and preceding statements.

FULL REPORTING CLAUSE: It is a condition of this policy that the insured shall be indemnified for not more than that proportion of this Company's percentage of any loss which the last reported value of the property covered herein bore to the actual value of such property at the time of such last report.

COINSURANCE CLAUSE: In consideration of the rate and/or form under which this policy is written, it is expressly stipulated and made a condition of this contract that the insured shall at all times maintain contributing insurance on each item of property insured by this policy to the extent of *one hundred per cent (100%)* of the actual cash value at the time of the loss, and that failing to do so,

the insured shall to the extent of such deficit bear his, her or their proportion of any loss.

WAIVER OF INVENTORY OR APPRAISEMENT CLAUSE: If this policy shall be subject to the conditions of a Coinsurance Clause, it is also made a condition that in the adjustment of any loss hereunder, provided same does not exceed 2% of the total insurance carried, it shall not be a part of compliance with the conditions of a Coinsurance Clause to inventory and/or appraise the undamaged property.

If this policy be divided into two or more items, the foregoing conditions shall apply to each item separately.

Other insurance permitted.

OCCUPANCY CLAUSE: It is made a condition of this insurance that the premises shall not be occupied for manufacturing, mercantile or for any other purpose during the continuance of this policy, without obtaining the written consent of this Company hereon; excepting that machinery may be set up and operated solely for the purpose of testing the same without prejudice to this policy.

WORK AND MATERIALS CLAUSE: Permission granted to do such work and to keep and use all articles and materials usual in the erection and completion of buildings, in such quantities as required.

ACCESS TO RECORDS: Any duly authorized representative of this Company shall be permitted at all reasonable times to examine the insured's books and records for the purpose of determining any facts relating to the subject of this policy.

(Attach Hail, Civil Authority, Lightning and Electrical Apparatus Clauses).

Note: The following form or one similar in cover is in use in practically all States.

BUILDERS' RISK COMPLETED VALUE FORM (1939)

(For use on either fire, windstorm or combined fire and windstorm policies)

1. Provisional amount.....dollars ($.....) on the.....story.....roof
.....building, while in course of construction, including foundations (except as hereinafter excluded), additions, attachments, and all permanent fixtures belonging to and constituting a part of said building, all while situated (here give street number, or lot or block number or township, section and range).....
.....
City of..... Town of.....
State of.....subject to the following conditions and limitations.

2. This policy also covers materials, equipment, supplies and temporary structures of all kinds incident to the construction of said building, and (when not otherwise insured), builder's machinery, tools and equipment belonging to the insured or similar properties belonging to others for which the insured is liable; all while forming a part of or contained in said building and/or temporary structures or while in cars on switches or side tracks on premises described or within 100 feet of building described in this policy, or while in the open on premises described, or when adjacent thereto while on sidewalks, streets or alleys.

3. This policy does not cover cost of excavation, brick, stone or concrete foundations, piers or other supports which are below the under surface of the lowest basement floor, or where there is no basement, which are below the surface of the ground, or underground flues, pipes or wiring.

4. It is a condition of this insurance that this policy covers the property described herein only while the building is in process of erection and completion and that the building herein insured is unoccupied and not completed and that when occupied in whole or in part, this Company shall be notified and rate adjusted, except that if the building is to be a manufacturing plant, machinery may be set up and tested.

5. The amount of insurance stated in this policy is provisional. It is a condition of this Builders' Risk Insurance, wherein the rate and premium are based on an average amount of liability during the period of construction, that at any date while this policy is in force, the actual amount of insurance thereunder is that proportion of the provisional amount that the actual value of the described property on that date bears to the value at the date of completion, but shall not in any case exceed the provisional amount.

6. In consideration of the reduced rate at which this policy is written, it is a condition of this insurance that in the event of loss, this Company shall be liable for no greater proportion thereof than the provisional amount of insurance under this policy bears to the value of the described property at date of completion.

7. Privilege to do such work and to keep and use materials usual in the erection and completion of buildings.

8. In event of loss, the amount of such loss shall be automatically reinstated and in consideration of such reinstatement the insured shall pay this Company an additional premium computed as pro rata of the rate at which this policy is written for the unexpired term of this policy on the amount of loss paid.

9. Other insurance permitted.

10. If this policy be divided into two or more items, the foregoing shall apply to each item separately.

(Attach Hail, Civil Authority, Lightning and Electrical Apparatus Clauses.)

BLANKET POLICIES—POLICIES COVERING IN MORE THAN ONE STATE

There are assureds who own property in several States and who desire to insure them under one policy form. Generally speaking this would conflict with the necessity of using in connection with the insurance in each State, a Standard Policy of that State. However, without violating any rules, one policy can be issued and the subject regulated by means of a clause reading about as follows:

"UNDERLYING POLICIES.—For the convenience of the insured, this policy is issued covering the properties in the various States specified herein. It is understood, however, that separate policies underlying this policy have been issued through agents residing in the States specified herein under this policy subject to the conditions of the Standard Policy of the State in which the individual properties are located. It is understood that such underlying policies are not to be considered as additional insurance but as duplicate only."

CONTRACTOR'S FORFEIT INTEREST FORM

On the interests of the assured, as set forth below, as contractors in building, additions and extensions in course of construction situate on premises of.....said interest to be based upon an agreement in their contract whereby a forfeit or penalty of Fifty dollars ($50) a day is exacted from the assured if said building is not completed by.....(date).

The object of this contract is to indemnify the insured for loss by reason of said forfeiture or penalty which the insured will be obliged to pay on account of their inability to complete said building, additions and extensions, due to loss or damage by fire or lightning, occurring therein; it being understood and agreed that this company will pay the insured Fifty dollars ($50) per day for each day from (insert date), to the time when, with ordinary diligence and dispatch, said building, additions and extensions can be completed and the contract fulfilled.

CONTRACTOR'S INTEREST FORM

(Illustration)

$....On the interest of the insured in any and/or all brick, slate roof dwellings, completed, uncompleted or that may hereafter be erected, including all materials and supplies for use in construction thereof, located at.....

It is the intention to cover additions adjoining and communicating including foundations, plumbing, steam, gas and water pipes; lighting and heating apparatus and all permanent fixtures; plate and ornamental glass and fresco work without description; also storm doors and windows, screens, screen doors, awnings whether in position or stored in any of said buildings.

This policy does not cover on any dwelling which is the subject of most specific insurance, except to the extent of the insured's interest therein which is not covered by such specific insurance.

Permission is granted for other insurance without notice until required; for mechanics to make necessary alterations, additions and repairs; to use kerosene oil, city or natural gas and/or electricity for lighting and/or heating purposes; to be vacant as occasion may require.

Attach Lightning Clause.

Attach 90 Per Cent Reduced Rate Average Clause.

CONTINGENT LIABILITY FOR FINES

$....On the liability of the insured for the payment of fines to the United States Government under a contract dated.....

It is understood that the foregoing contract between the insured and the United States Government is for.....; that these are to be delivered as follows:

25 per cent of the number within two months from the approval of sample and not less than 10 per cent per month thereafter; that for failure to deliver in contract time the insured is liable to a fine per day amounting to 1/20th of 1 per cent of the contract price, but not to exceed a total fine of more than 10 per cent of the contract price; that these.....are being or to be manufactured at.....

It is hereby declared to be the intention of this insurance, that, if by reason of fire or lightning the above mentioned premises or materials or stock are so damaged as to prevent the delivery of the said.....within the contract time, this Company shall be liable to indemnify the insured for such fines as he is obliged to pay to the United States Government under the above contract.

Note: Policy written for 10 per cent of the contract price.

Note: The following two forms are to protect mortgagee interests as shown thereby. In some States different wording is used, but these will serve as illustrations.

ERRORS AND OMISSIONS FORM NO. 1 (1937)

1. Insured's Name .....

$.....on the insured's mortgagee interest, subject to the terms, conditions and limitations of this contract, in buildings located in.....County or Counties in the State of New York, covering loss to insured's mortgagee interest, caused by direct fire or lightning damage to building property as above described, occurring during the term of this policy, in which the insured has subsisting mortgagee interest, when and only when the insured's interest in said building property is not covered by specific fire and lightning insurance, because of errors or omissions in effecting such insurance, which result in,

"A" No such specific insurance on said property, or

"B" Such specific insurance on said property being invalid, or

"C" Such specific insurance being insufficient on said property, including loss due to contribution required under a co-insurance or average clause.

2. It is a condition of this contract that the insured shall make every reasonable effort to secure and maintain valid specific fire and lightning insurance on each and all property covered hereby payable to the insured as mortgagee and in amount not less than its mortgage loans thereon.

3. Limit of Liability—This Company shall not be liable under this policy, for,

"A" More than the balance due the insured under the mortgage on the property damaged or destroyed less the remaining value of the property covered by the mortgage, also less the amount due the insured under all other valid insurance on the damaged property, whether by solvent or insolvent insurers, also less any amount recoverable by the insured under any specific insurance on the property not payable to the insured; nor,

"B" In excess of the actual direct loss by fire or lightning to building or buildings determined in accordance with the printed conditions of this policy; nor,

"C" For a greater proportion of the loss than the amount hereby insured bears to 10% of the total net amount of all outstanding mortgage loans in which the insured has a mortgage interest, as defined in paragraph 1 hereof, within the territory above described at the time when such loss shall occur; nor,

"D" For more than the proportion of such loss which this policy bears to the whole amount of similar insurance protecting against errors and omissions, whether such similar insurance is valid or not, or collectible or not.

4. Payment of loss by this insurance company shall at once make it legally subrogated to all rights of this mortgagee and/or trustee under all the securities held as collateral to its mortgage debt to the extent of such payment, but such subrogation shall not impair the right of said mortgagee or trustee to recover the full amount of his claim under the mortgage or mortgages.

5. This Company shall not be liable for loss to insured's mortgagee interest due to loss or damage to the property involved occurring more than ten (10) days after insured had knowledge that the required amount of specific insurance on said property was not in effect, if, because of unfavorable conditions affecting such property, the insured has not, or has been unable to secure the required amount of specific insurance.

6. Other insurance permitted without notice until required.

7. This insurance shall not be invalidated by any act or neglect of a mortgagor or owner of individual properties covered hereunder, nor by any foreclosure or other proceedings or notice of sale relating to said property, nor by any change in title or ownership of the property, nor by occupation of the premises for purposes more hazardous than are permitted by the individual fire and/or lightning policies covering building property in which the insured has a mortgagee interest, provided that in case the mortgagor or owner shall neglect to pay any premium due under specific policies covering the properties in which the mortgagee has interests, the mortgagee or trustee shall on demand, pay the same.

8. This is excess insurance and shall not be treated as contributing insurance with specific insurance.

Attached to and forming part of Policy No..... of the.....

ERRORS AND OMISSIONS FORM NO. 2 (1937)

Insured's Name .....

1. $..... on the insured's mortgagee interest, including the insured's mortgagee interest in any legal fiduciary capacity in building located in.....County or Counties in the State of New York.

2. It is a condition of this insurance that this policy is only for the benefit of the insured as mortgagee, as above, and that it shall not inure to the benefit of any other interest whatsover.

3. This Company shall be liable only when because of error or omission the insured at the time of direct fire or lightning loss or damage to the building described above, occurring during the term of this policy, has not secured or maintained valid fire or lightning insurance on the building(s) damaged or destroyed, payable to the insured as mortgagee under terms and conditions customarily accepted by the insured in an amount customarily required by the insured.

4. This Company, however, shall not be liable for loss hereunder when such loss results from fire or lightning occurring more than ten days after the insured has had knowledge that insurance, as required and described herein, is not in effect.

5. It is a condition precedent to recovery hereunder that the insured shall furnish proof that it has exercised due diligence to procure and maintain valid fire and lightning insurance on each and all property described above, payable to the insured as mortgagee under terms and conditions customarily accepted by the insured in amounts not less than customarily required by the insured.

6. Limit of Liability: This Company shall not be liable under this policy—

"A" For more than the balance due the insured under the mortgage on the property damaged or destroyed, less the amount due the insured under all other valid insurance on the damaged property, whether by solvent or insolvent insurers, also less any amount recoverable by the insured under any insurance on the property not payable to the insured; nor,

"B" For an amount in excess of the actual direct loss by fire or lightning to building or buildings, determined in accordance with the printed conditions of this policy, less the amount due the insured under all other valid insurance on the damaged property, whether by solvent or insolvent insurers, also less any amount recoverable by the insured under any insurance on the property not payable to the insured; nor,

"C" For a greater proportion of the loss than the amount hereby insured bears to 10% of the total net amount of all outstanding mortgage loans in which the insured has a mortgage interest as defined in paragraph one hereof, within the territory above described at the time when such loss shall occur; nor,

"D" For more than the amount that would have been paid by such part of the fire and lightning insurance customarily required by the insured (under terms and conditions customarily accepted by the insured) which, because of errors and omissions, is lacking; nor,

"E" For a greater proportion of any loss than the amount hereby insured shall bear to the whole amount of similar insurance against errors and omissions, whether such similar insurance is valid or not or collectible or not.

7. This is excess insurance and shall not be treated as contributing with insurance written under any other form than Errors and Omissions Form.

8. It is a condition of this insurance that in case the mortgagor or owner shall neglect to pay any premium due under policies covering the properties in which the insured has a mortgagee interest covered by this insurance, the insured shall, on demand, pay the same.

9. Subrogation: Whenever the payment to the insured by this Company and other Companies equals the balance due under the mortgage, or when the payment of this Company and other Companies is less than such balance due under the mortgage and this insurance company by itself, or with others, elects to pay to the insured the balance due on the mortgage (after deducting any amount recoverable from this and other insurance), it is a condition of this insurance that the Companies having and exercising subrogation rights shall, as their interest may appear, thereupon receive full assignment of the mortgage and all securities held as collateral for the mortgage debt.

10. Other insurance permitted without notice until required.

Attached to and forming part of Policy No.....of the.....

EXPRESSMAN'S OR TRUCKMAN'S FORM

$....On personal property of every kind and description, including that enumerated in the policy on which liability is required to be specifically assumed, but excluding loss to accounts, bills, currency, deeds, evidences of debt, money, notes, or securities, the property of the insured; also on the interest of the insured in and/or liability for similar property held by him and belonging in whole or in part to others, or held on storage or for repairs; all while contained, etc.

(Attach usual or required clauses.)

EXTENDED COVERAGE ENDORSEMENT NO. 4 (1939)

SUPPLEMENTAL CONTRACT

(Perils of Windstorm, Cyclone, Tornado and Hail, Explosion, Riot, Riot Attending a Strike, Aircraft, Smoke, Vehicles, Except as Hereinafter Provided)

Rate for extended coverage.....

In consideration of $.....premium, and subject to stipulations, limitations and conditions herein and in the policy to which this endorsement is attached, including riders and endorsements thereon, the coverage of this policy is extended to include direct loss or damage by windstorm, cyclone, tornado and hail, explosion, riot, riot attending a strike, aircraft, smoke, and vehicles.

This endorsement does not increase the amount or amounts of insurance provided in the policy to which it is attached.

If this policy be divided into two or more items, the provisions of this endorsement shall apply to each item separately.

SUBSTITUTION OF TERMS: In the application of the stipulations, limitations and conditions of this policy, including riders and endorsements (but not this endorsement), to the perils covered by this Extended Coverage Endorsement, wherever the word "fire" appears there shall be substituted therefor the peril involved or the loss caused thereby, as the case requires.

APPORTIONMENT CLAUSE: This Company shall not be liable for a greater proportion of any loss or damage from any peril or perils included in this endorsement than (1) the amount of insurance under this policy bears to the whole amount of fire insurance covering the property, whether valid or not and whether collectible or not, and whether or not such other fine insurance covers against the additional peril or perils insured hereunder; (2) nor for a greater proportion than the amount of insurance under this policy bears to the amount of all insurance, whether valid or not and whether collectible or not, covering in any manner such loss or damage; furthermore, if there be other insurance covering any one or more of the perils causing loss or damage hereunder, covering specifically any individual unit of property in the loss or damage, only such proportion of the insurance under this policy shall apply to such unit specifically insured, as the value of such unit shall bear to the total value of all the property covered under this policy, whether such other insurance contains a similar clause or not.

GLASS PRO RATA DISTRIBUTION CLAUSE: It is expressly stipulated as applicable to all perils included in this endorsement that only such proportion of the insurance under this policy on any building covers on plate, stained, leaded or cathedral glass therein as the value of such glass shall bear to the total value of said building; and the amount of insurance on such glass as thus ascertained shall

apply to each plate in the proportion that the value of such plate bears to the total value of all such glass.

WAR RISK EXCLUSION: The insurance under this endorsement does not cover any loss or damage which, either in origin or extent, is caused directly or indirectly by or incident to war, invasion or other warlike operations (whether war be declared or not), anything elsewhere in this endorsement to the contrary notwithstanding.

WAIVER OF CONDITIONS: A claim for loss or damage from perils to which this policy is extended in this endorsement shall not be barred because building is not on ground owned by the insured in fee simple, factory operations have ceased, of change of occupancy, of existence of encumbrance, of factory operations at night, nor because of vacancy or unoccupancy.

STIPULATIONS, LIMITATIONS AND CONDITIONS APPLICABLE ONLY TO WINDSTORM, CYCLONE, TORNADO AND HAIL: This Company shall not be liable for any loss or damage caused by snowstorm, blizzard, frost or cold weather; nor for any loss or damage to stacked grain, hay or straw, windmills, wind-pumps or their towers, whether blown down or not; nor for loss or damage to other property caused by the blowing down of windmills, wind-pumps or their towers, unless such other property also sustains other loss or damage caused by wind; nor for loss or damage occasioned directly or indirectly by or through any tidal wave, high water, overflow, cloudburst, theft; nor for any loss or damage caused by water or rain, whether driven by wind or not, unless the building insured, or containing the property insured, shall first sustain an actual damage to the roof or walls by the direct force of the wind, and shall then be liable only for such damage to the interior of the building or the insured property therein, as may be caused by water or rain entering the building through openings in the roof or walls made by the direct action of the wind, or by water from sprinkler or other piping broken by such damage to roof or walls.

Unless liability therefor is specifically assumed by endorsement, this Company shall not be liable for any loss or damage to metal smokestacks, awnings, signs, temporary or board roof additions, nor for loss or damage to any building in process of construction or reconstruction (or its contents) unless same is entirely enclosed and under roof, with all outside doors and windows permanently in place.

STIPULATIONS, LIMITATIONS AND CONDITIONS APPLICABLE ONLY TO EXPLOSION: The extension of coverage to include explosion is not a waiver of any provision of the policy prohibiting the keeping, using or allowing on the described premises any prohibited articles or materials, or keeping, using or allowing articles or materials in quantities prohibited by the policy.

This Company shall not be liable for loss or damage by explosion originating within steam boilers, pipes, fly-wheels, engines and machinery connected therewith and operated thereby.

Any other explosion clause made a part of this policy is superseded by this endorsement.

STIPULATIONS, LIMITATIONS AND CONDITIONS APPLICABLE ONLY TO RIOT AND RIOT ATTENDING A STRIKE: Loss or damage by riot or riot attending a strike shall include direct loss or damage from pillage and looting when such pillage and looting occurs during and at the immediate place of a riot or riot attending a strike and shall also include direct loss or damage by acts of striking employees of the owner or tenant(s) of the described building(s) while occupied by said striking employees excluding, however, loss resulting from damage to or destruction of the described property owing to change in temperature or interruption of operations when such change in temperature or interruption of operations results from riot or strike or occupancy by striking employees whether or not such loss or damage, due to change in temperature or interruption of operations, is covered by this policy as to other perils.

STIPULATIONS, LIMITATIONS AND CONDITIONS APPLICABLE ONLY TO DAMAGE BY AIRCRAFT AND VEHICLES: Loss or damage by "aircraft" includes direct loss and damage by objects falling therefrom. The term "vehicle" as used in this endorsement means vehicles running on land or tracks. This Company shall not be liable, however, for loss or damage by any vehicle owned or operated by the insured or by any tenant of the above described premises or by any agent, employee or member of the household of either; nor shall this Company be liable for any loss or damage to vehicles, fences, driveways, sidewalks or lawns.

STIPULATIONS, LIMITATIONS AND CONDITIONS APPLICABLE TO SMOKE: The term "smoke" as used in this endorsement means only smoke due to a sudden, unusual, and faulty operation of any stationary steam, hot water or hot air plant pertaining solely to the service of the building, while contained in or on the premises owned or occupied by the insured and described in this policy, but not smoke from stoves, fireplaces or industrial apparatus.

STIPULATIONS, LIMITATIONS AND CONDITIONS APPLICABLE ONLY WHEN THIS ENDORSEMENT IS ATTACHED TO A POLICY COVERING USE AND OCCUPANCY, RENTS, LEASEHOLD INTEREST OR PROFITS AND COMMISSIONS: When this endorsement is attached to a policy covering Use and Occupancy, Rents, Leasehold Interest, Profits and Commissions, the term "direct," as applied to loss or damage, means loss, as limited and conditioned in such policy, resulting from direct loss or damage to described property from perils insured against; and, while the business of the owner or tenant(s) of the described building(s) is interrupted by a strike at the described location, this

Company shall not be liable for any loss owing to interference by any person(s) with rebuilding, repairing or replacing the property damaged or destroyed or with the resumption or continuation of business.

Attached to and forming part of Policy No.....(etc.)

Note—The foregoing form is in use for attachment to the fire policy in practically all Eastern and Middle States and to the combined fire and windstorm policy in Central Western States to cover almost all classes of property, except farms, although there are special provisions required for certain other types of property.

In some of the Southern States the foregoing form is used on permitted classes, other than dwellings, with the addition of the following clause:

TWENTY-FIVE DOLLAR LIMITATION CLAUSE—(APPLIES TO WINDSTORM, CYCLONE AND TORNADO COVERAGE ONLY.)—It is a condition of this endorsement, that there shall be no liability for loss or damage by any one windstorm unless after adjustment, according to the terms, conditions and limitations of this insurance, such loss and damage to the interest of the insured in the within-described property shall be found to exceed Twenty-five Dollars ($25.00).

If this insurance covers the interest of the insured in two or more buildings, and/or contents, the foregoing conditions shall apply separately, as to the assured's interest in each building and/or contents.

Note—In such States, where applied to dwellings the foregoing form is used, including the $25.00 limitation, except that the stipulation relating to use and occupancy, etc., is deleted and the following clause substituted terefor:

SPECIAL CONDITIONS APPLYING TO LOSS OF USE (RENTAL VALUE) INSURANCE—If the building or buildings insured hereunder shall be rendered untenantable by any of the perils insured against under this Policy or endorsement, occurring during the continuance of this Policy, this Company shall thereupon become liable for the rental value thereof from the date of the loss or damage until such time as the building or buildings can with reasonable diligence and dispatch be rendered again tenantable, although the period may extend beyond the term of this Policy.

It is understood and agreed that this rental value for each building covered hereunder shall not exceed one-twelfth (1/12) of ten per cent (10%) of the amount of fire insurance thereon under this Policy for each month that said building remains untenantable, subject nevertheless to the limit of liability set forth in the Apportionment Clause of this endorsement.

Note: When applied to farm property silos are often excluded as to windstorm and the limitation clause is $50.00 instead of $25.00.

ENDORSEMENT EXTENDING RIOT AND CIVIL COMMOTION POLICY TO COVER LOSS AND/OR DAMAGE CAUSED BY VANDALISM AND/OR MALICIOUS MISCHIEF (1939)

Effective from.....day of.....19.... and in consideration of the rate of.....charged for this endorsement and the payment of $..... Additional Premium, the liability of this Company is hereby extended to cover loss to the interest insured under this policy caused by damage to or destruction of the property described by Vandalism and/or Malicious Mischief, subject to the following limitations and conditions:

The term "Vandalism and/or Malicious Mischief" as used herein is restricted to and includes only wilful and malicious physical injury to or destruction of the described property.

This Company shall not be liable under this endorsement for loss or damage to

(a) Glass constituting a part of the building; nor for loss caused by,

(b) Fire, explosion, pilferage, theft, burglary or larceny,

(c) Depreciation, delay, deterioration and/or loss of market.

(d) Unless otherwise provided by endorsement attached hereto, this Company shall not be liable hereunder for any consequential loss.

In no event shall this Company be liable under this policy, as a result of any or all hazards and/or perils covered thereunder, for an amount in excess of that for which this policy is written, nor for a greater proportion of any loss by vandalism and/or malicious mischief than the amount of riot and civil commotion insurance under the policy to which this endorsement it attached shall bear, (1) to the amount of insurance required to comply with the average, coinsurance, reduced rate contribution, or guaranteed amount of insurance clause, if any, contained in such policy; or (2) to the total amount of riot and civil commotion insurance covering the interest insured under said policy whether valid or not and whether collectible or not, irrespective of whether all of the riot and civil commotion insurance, by extension or otherwise, covers against loss by vandalism and/or malicious mischief, or (3) to the total amount of vandalism and/or malicious mischief insurance whether valid or not and whether collectible or not.

Subject in all other respects to the terms and conditions of the policy and form attached thereto, of which this endorsement is made a part.

Attached to and forming part of R. & C. C. Policy No..... (etc.)

FIRE PREMIUMS FORM

$....On fire premiums paid by the insured for (five) year term insurance (as per form filed in the office of.....) on building and permanent fixtures situate.....

It is understood and agreed that the amount of this policy shall decrease at the rate of $.....per diem (20 per cent per annum) until exhausted at the expiration hereof.

It is further understood and agreed that the liability for loss or damage under this policy shall be the percentage of loss or damage under the insurance represented by the fire premiums above described, and said percentage on such portion of the amount of this policy as remains in force at the occurrence of a fire shall be the measure of loss hereunder.

Growing Grain Insurance. In some sections a substantial amount of fire insurance is written on growing grain and on grain after cutting while in stacks or in sacks. Fire insurance is also written on hay in the field. A typical form for each is appended herewith.

GRAIN CROP FORM (CALIFORNIA)

On Insured's interest as.....owner in Grain
(State whether Crop or Land or Full)

Crop hereinafter described, and under the conditions hereinafter set forth, and subject to all the terms and conditions of this policy.

Insurance on Grain Uncut, Cut, in Stacks and in Sacks

Item	Number of Acres	Kind of Grain	Insured's Interest	Estimated Yield Per Acre	Insurance Per Acre	Amount Insured An equal am't on each Acre	Time	Rate	Premium	Commences at Noon	Expires at Noon
No. 1				lbs.	$	$	Days		$		
No. 2				lbs.	$	$	Days		$		
No. 3				lbs.	$	$	Days		$		
Additional Insurance {to cover the grain described in} Item No. 1*					$	$	Days		$		
Additional Insurance {to cover the grain described in} Item No. 2*					$	$	Days		$		
Additional Insurance {to cover the grain described in} Item No. 3*					$	$	Days		$		
Total Amount Insured,					$		Tot. Amt. Prem.,		$		

* *When in sacks only.*

BOUNDARY AND LOCATION OF CROPS INSURED

Item No. 1..... Sec.....Twp.....Range....
Item No. 2..... Sec.....Twp.....Range....
Item No. 3..... Sec.....Twp.....Range....
In the County of.....State of....., about.....miles .....of.....

This insurance covers on Grain only, and not on straw or stubble, being an equal amount on each acre or the product thereof of all similar grain embraced within the above described boundaries, but in no case exceeding the amount of insurance per acre above specified, and is accepted by the Company upon the conditions that there is no dispute with reference to the lease or title of said land or crop; that there is no mortgage or claim against said crop unless loss hereunder is made payable to the holder of said mortgage or claim, and that no party interested therein has, to the knowledge of the insured been threatened by incendiaries.

Loss, if any, subject however to all the terms and conditions of this policy, payable to.....

"GROWING GRAIN DRY SEASON CLAUSE."—In consideration of the hazards assumed by this Company under this policy and of the special provisions and conditions of this contract, it is agreed by the insured that in event of cancellation by the insured of the liability assumed by this company under this policy, the earned premium to be retained by this company shall be calculated in accordance with the following growing grain dry season cancellation table:

Time in Force:	Premium Earned:
1 day to 30 days,	60 per cent of premium stated in policy.
31 days to 60 days,	90 per cent of premium stated in policy.
61 days to termination of liability hereunder.	100 per cent of premium stated in policy.

"PERMITS."—If this policy be made to cover in warehouse, permission is granted to make alterations or repairs to the said described warehouse without limit of time, and to build additions, and if of like construction and communicating and in contact therewith, this policy shall cover in same; permission also granted to do such work in said building as the nature of the occupancy may require; to work at any and all times; and, when not in violation of law or ordinance, to generate illuminating gas or vapor, and to keep and use the necessary quantities of all articles, things and materials incidental to the business conducted on the premises described herein.

(Attach Lightning Clause.)

Note: Provisions relating to cancellation differ in various States; the Distribution Clause is attached where grain is covered in warehouses, or piled on ground within.....feet thereof, or in cars. Sometimes the Plowed Strip Warranty is attached requiring a 10-foot plowed strip around field where grain is covered.

HAY IN FIELD FORM

On the following described property, on farm or land of..... about.....miles.....from.....in the County of .....State of.....and further described as located on .....

$....On.....Hay, only while in field, being
(State kind of Hay, whether Timothy, Oat, etc.)

all hay of the above mentioned kind belonging to insured and located as above, baled and/or unbaled, in cocks and/or in stacks (this insurance being for an equal proportion of this amount on each ton on hand at time of fire, subject however to the conditions of the hay value clause hereinafter set forth).

Other insurance permitted; Provided, however, that this permit is made subject to all the conditions of the hay value clause hereinafter set forth.

Loss, if any, subject however to all the terms and conditions of this policy, payable to.....

"HAY VALUE CLAUSE."—It is understood and agreed that in the event of loss or damage to hay insured under this policy, this company shall not be liable for more than 85 per cent of the actual cash value thereof, at the location and as of the time immediately preceding such loss, and in the event of other insurance permitted thereon, then liable for its proportion only of 85 per cent of such cash value.

(Attach Lightning Clause.)

THEATRICAL SPECIAL INTEREST FORM

On the following described interest of the insurance in the building and/or its equipment, known as the..... and situate .....

It is hereby understood and agreed that the Assured under this policy has agreed to give 20 performances in above theatre.

Now it is hereby further understood and agreed between the Assured and this Company that in event the building named above and/or its equipment, shall be destroyed or so damaged by fire that the Assured is prevented from giving the performances agreed upon and referred to above, then this Company shall pay the Assured the sum of $8,500 for each performance so prevented, but not exceeding $170,000 in all.

It is understood and agreed that if it be not possible to rebuild or repair said theatre but the Assured is enabled to make some

arrangement to give the performances or any part of them in some other building in the same city, then this Company shall be liable for each performance for the difference between the original guarantee of $8,500 and the new guarantee, if any. It being the true intent of this Policy of Insurance to indemnify the Assured for any actual loss of contract remuneration which they may suffer by fire as above specified.

Other insurance permitted.

Lightning Clause attached.

Privileged to do such work and to use such materials as are usual in the business of a Theatre.

Permission for mechanics to be employed for alterations and repairs in the within-described premises.

It is understood and agreed that this Contract shall be presumed and construed to have all necessary clauses, privileges and permissions that may be necessary to keep it in full force and effect.

IMPROVEMENTS INSURANCE

Improvements to the premises made by the lessee, whether they become at once the property of the building owner or revert to the owner at the expiration of the lease, are almost invariably a loss to the lessee whenever the lease is cancelled, as under practically all leases the cancellation of the lease wipes out the lessee's interest in improvements. Even though the lease be not cancelled, a fire may cause serious damage to the improvements, which the owner may not be obliged to make good, and improvements insurance should therefore be carried for protection against both partial and total losses.

To protect the lessee's interest in improvements we recommend that the building insurance and the lessee's policy covering fixtures contain a clause specifically excluding improvements; that specific insurance for the improvements be written for the amount of their value jointly in the names of the owner and lessee as interest may appear, and that the owner and lessee also make a separate agreement specifying the extent of the latter's interest as may be agreed upon.

IMPROVEMENTS FORM

INSURED: ....., owner, and....., lessee, as interest may appear.

$....On improvements made by the lessee named herein to the building situate.....

(Attach the usual clauses, including coinsurance where building and/or fixtures would be written with coinsurance.)

IMPROVEMENTS AND BETTERMENTS FORM

$....On improvements, additions and betterments, consisting principally of.....installed as a part of the building or permanent fixtures by the insured, under the terms of a.....year lease dated....., on or in the building, situate.....

It is hereby understood and agreed:

That the above building is occupied principally for.....purposes;

That this policy shall not cover on building or fixtures outside of the improvements, additions and betterments herein described;

That this Company shall not be liable hereunder for any loss to property which, by the terms of the aforesaid lease, the landlord or owner of building is obligated to repair or replace.

(Attach usual or required clauses.)

IMPROVEMENTS AND BETTERMENTS FORM

$....On improvements, additions, and betterments, consisting principally of.....installed as a part of the building or permanent fixtures by the insured, under the terms of a.....year lease, dated....., on or in the building, situate.....

It is understood and agreed that the insured's interest in the value of improvements, additions, and betterments shall be in no greater proportion than the unexpired time of the lease bears to the full term of the lease, and any claim for loss or damage on such interest in improvements, additions and betterments shall be adjusted upon this basis.

It is also understood and agreed that this Company shall not be liable hereunder for any loss to property which, by the terms of the aforesaid lease, the landlord or owner of building is obligated to repair or replace.

Other insurance permitted without notice until required.

Privileged for present communications, to work overtime, nights. Sundays and holidays; to use steam, and gas for heat, light and power; to use kerosene oil stoves, for heating and cooking purposes.

Work and Materials Clause attached.

Mechanics Privilege attached.

N. Y. Standard Electric Light Permit attached.

Note: It is preferable, where possible, to insure improvements and building jointly in the names of owners and lessee, as interest may appear, but the above form may be used when necessary to cover the lessee separately.

LEGAL LIABILITY FORM

(*New York*)

(*Liability Disclaimed*)

$....On their legal liability in or for merchandise, baggage and/or freight held in their custody as common carriers, warehousemen, wharfingers, forwarders or freighters, while contained in.....

The purpose of this insurance is to indemnify the insured for their legal liability, if any, to the amount they are obliged to pay on the above mentioned property by reason of loss or damage by fire, and it is understood that liability for such loss or damage by fire is and will be disclaimed in bills of lading, shipping receipts and other similar documents.

It is also understood and agreed that all claims against the insured (provided the claim or claims are not in excess of the amount insured) shall be resisted under the direction and control of this Company, the cost of such resistance (whether conducted by the insured or this Company) to be paid by this Company in the proportion that the amount of this policy bears to the total amount of such claim or claims.

In the event of loss hereunder this Company shall be subrogated to all claims upon owners of such property to the extent of payment made to them.

(Attach Lightning and other clauses.) No Coinsurance Clause required.

Note: Sometimes in place of the words "disclaimed in bills of lading, etc.," the following language is used: "Limited to their legal liability under the Bill of Lading approved by the Interstate Commerce Commission, June 27, 1908." This disclaimer is not as broad as the one in the form.

LEGAL LIABILITY FORM

(*Liability Not Disclaimed*)

$....On their legal liability in and for merchandise, baggage and/or freight held in their custody as common carriers, warehousemen, wharfingers, forwarders or freighters; also on their interest in all advances or other charges due or to become due upon all merchandise, baggage and/or freight, while contained in.....situate.....

It being mutually understood and agreed that if claim is made against the insured for merchandise, baggage and/or freight held by them as above provided, the insurers shall have the option of

either admitting such claim for payment or of resisting it in court. the legal expenses incurred in such resistance to be borne by the Insurance Companies interested in the proportion that the total amount of insurance shall bear to the total amount of such claim or claims.

(Attach Lightning and other clauses except Coinsurance.)

Note: Reading of the two New York forms for legal liability, described respectively as liability disclaimed and liability not disclaimed, will show their very great difference. Liability disclaimed is the strictly legal liability of the assured, not acknowledged or created by any agreement. The not disclaimed form is sometimes known as assumed liability and subjects the insurer to payments which the assured is responsible for as result of voluntary assumption of liability either before or after the loss. The second form, although paying a rate double that of the first form, is not nearly so desirable from the Company's viewpoint and can be issued only to assureds of high financial and moral standing and with a previous understanding by the Company of the circumstances.

NAVAL STORES—FLOATER

(*S. E. U. A.*)

$....On naval stores and empty packages, spirits in tanks, owned or held by assured in trust, or on commission, or on joint account with others, or sold but not delivered, in all or any of the stores, warehouses, sheds, yards, railroad yards and wharves (.....excepted), or while in transit in, or while on any of the streets in.....

It is a part of the consideration of this policy, and the basis upon which the rate of premium is fixed, that it is expressly stipulated and made a condition of the contract that, in event of loss, this Company shall be liable for no greater proportion thereof than the amount hereby insured bears to the actual value of the property described herein at the time when such loss shall happen, nor for more than the proportion which this policy bears to the total insurance thereon. If this policy be divided into two or more items, the foregoing conditions shall apply to each item separately.

In the event that an aggregate claim for any loss is less than Ten Thousand Dollars ($10,000) (provided, however, such amount does not exceed five per cent (5 per cent) of the total amount of insurance upon the property described herein and in force at the time such loss occurs), no special inventory or appraisement of the undamaged property shall be required. If this policy be divided into two or more items, the foregoing condition shall apply to each item separately.

Other insurance, concurrent herewith, permitted without notice until required.

NAVAL STORES

(*S. E. U. A.*)

Name of Assured.....

On Naval Stores and empty barrels, spirits in tanks, owned or held by the assured in trust or on commission, or on joint account with others, or sold but not delivered, contained in sheds, warehouses and on yards used by the assured, and known as Naval Stores Warehouse Company's Yards, in.....

The insurance also covers above described property while on or in cars in the yards named above.

It is a part of the consideration of this policy, and the basis upon which the rate of premium is fixed, that it is expressly stipulated and made a condition of the contract that, in event of loss, this Company shall be liable for no greater proportion thereof than the amount hereby insured bears to the actual value of the property described herein at the time when such loss shall happen, nor for more than the proportion which this policy bears to the total insurance thereon. If this policy be divided into two or more items, the foregoing conditions shall apply to each item separately.

In the event that an aggregate claim for any loss is less than Ten Thousand Dollars ($10,000) (provided, however, such amount does not exceed five per cent (5 per cent) of the total amount of insurance upon the property described herein and in force at the time such loss occurs) no special inventory or appraisement of the undamaged property shall be required. If this policy be divided into two or more items, the foregoing condition shall apply to each item separately.

This policy shall cover any direct loss or damage caused by lightning (meaning thereby the commonly accepted use of the term lightning), and in no case to include loss or damage by cyclone, tornado or wind-storm, and not exceeding the sum insured, nor the interest of the insured in the property, and subject in all other respects to the terms and conditions of this policy. Provided, however, if there shall be any other insurance on said property this Company shall be liable only pro rata with such other insurance for any direct loss by lightning, whether such other insurance be against direct loss by lightning or not.

The property covered by this policy may be pledged without notice as collateral security for loan, but loss, if any, under this

policy shall be adjusted with the assured, and is payable only to the assured or their order endorsed on or attached to this policy.

Other insurance warranted concurrent herewith, permitted without notice until required.

NURSERYMAN'S FORM

(Advances)

$....On advances actually made by the insured to agents for goods sold, it being the intention of this insurance to reimburse the insured for such advances in case goods sold are so damaged or destroyed by fire that they cannot be delivered, and the insured is unable to replace them in time for delivery, all such advances being on goods while contained in the.....building and in trenches adjacent thereto, situate.....

(Attach usual clauses.)

Note: The above insurance covers advances or commissions actually paid to agents. Goods are sold through canvassing agents to whom commissions are paid weekly on receipt of orders. These orders are taken during the fall and winter for shipment in April. Should loss occur, it would be difficult or impossible to replace the goods, in which case orders could not be filled, and the advances or commissions paid to agents would be lost as well as the value of the goods.

REINSURANCE FORM

(Approved by the National Board of Fire Underwriters)

This policy is issued as reinsurance to apply to Policy No..... of the.....Insurance Company, and is subject to the same risks, privileges, conditions and endorsement (except changes of location), assignments, changes of interest or of rate, valuations and modes of settlement, as are or may be assumed or adopted by the said company.

The amount payable under this policy shall bear the same ratio to the amount payable by the reinsured company under any and all policies upon the property specified and contained within the limits described herein, that the amount of this reinsurance in force at the time of loss shall bear to the total amount insured by the reinsured company upon such property in force at the time of such loss, and shall be paid at the same time and in the same manner as payment shall be made by said reinsured company.

Other reinsurance is permitted without notice until required.

Note: A copy of the form attached to the reinsured policy is also made a part of the form of the reinsuring policy.

Where a Retainer Clause is desired to be attached to the foregoing Reinsurance Clause, the following is approved by the National Board of Fire Underwriters:

RETAINER CLAUSE.—The reinsured company shall retain at its own risk, on the identical property covered at the time of any loss, by this policy, over and above all its reinsurance thereon, an amount equal to the amount of this policy upon such property, and, failing so to do, the amount which would otherwise be payable under this policy by reason of said loss shall be proportionately reduced.

REINSURANCE FORM

(Where one company reinsures the entire business of another Company in an agency)

This policy is issued as a reinsurance of the entire liability of the.....Insurance Company under various policies issued through its agency at....., as designated in the schedule filed with the reinsuring company, said schedule being made a part of this contract.

This policy is subject to the same risks, conditions and endorsements, assignments, changes of interest or of rate, valuations and modes of settlement, as are or may be assumed or adopted by the reinsured company.

Note: The schedule referred to usually contains the following information regarding each risk reinsured:

Policy Number, Name of Insured, Class of Property, Location, Amount, Rate, Premium, Term, Expiration, and Amount of Earned Premium.

SPECIFIC MACHINES FORM

$....On machines and machinery of every description, together with attachments and spare and duplicate parts, while held under contract of sale or purchase, leased or for operation on a royalty basis, from (Name of lessee) while contained, etc.

Loss, if any, under this policy to be adjusted with, payable to and recoverable by the insured named herein.

(Attach clauses appropriate to occupancy.)

FORM FOR WALL PAPER SETS

$....On.....books containing sets of wall paper samples, it being understood and agreed that no one set shall be valued at more than $....., all while contained in the.....building, situate.....

(Attach usual clauses.)

BUILDING (PORTION ONLY) FORM

(Illustration)

$....On the third story as hereinafter defined of the three story metal roof, brick and stone building, including apparatus, piping and fixtures for heating, lighting and water service, together with other permanent fixtures, attached to and forming part of the structure, including awnings therein and thereon, all situate.....

It is understood and agreed that this insurance shall attach from the top of the floor timbers that are between the second and third floors, and shall include all of the building, apparatus, fixtures and piping above such point, except that this insurance shall cover only a one-fifth proportionate share of the roof structure, it being understood that the insured has a contract with the owners in fee by which the insured's ownership is defined as in this paragraph.

(Attach usual clauses.)

BUILDING (PORTION ONLY) FORM

(Illustration)

$....On a portion as hereinafter defined of the three story metal roof, brick and stone building, including apparatus, piping and fixtures for heating, lighting and water service, together with other permanent fixtures attached to and forming part of the structure, including awnings therein and thereon, all situate.....

It is understood and agreed that this insurance shall cover the entire building and fixtures, as above described, up to and including the floor timbers that are between the second and third floors, and shall also cover a four-fifths proportionate share of the roof structure.

(Attach usual clauses.)

Note: The two foregoing forms were used to insure the respective interests in a brick building, where a lodge under a well defined contract had built the third floor for use as a meeting room. It is better practice in cases of this kind to insure the property jointly in the names of both parties "as interest may appear."

PEDIGREE DOG POLICY

Be it known that.....is desirous of effecting an Assurance on the life of.....named.....Reg. No.....during the period from noon.....day of.....19....to noon..... day of.....19....for a sum not exceeding £.....

And whereas the Assured hath paid the Underwriters the sum of.....as premium for the said assurance.

We the Insurers do hereby agree to bind ourselves each for his own part and not one for another, our Heirs, Executors and Administrators to indemnify the said.....in the above sum against the death of the said.....from mortality by

(a) Fire, Lightning, and Accident as well as the necessity of its destruction arising from any accident which may occur to it during that time and

(b) From Death by natural causes, disease, the Act of God or man, excluding poisoning, but it is herein provided that if death should occur from disease or whelping within two months of date hereof, then only two-thirds of such sum shall be payable.

This Policy only covers whilst the animal is kept within the United Kingdom.

Provided always that the Assured shall cause every animal insured to have sufficient and proper food, water and shelter, and shall at all times and to the best of his knowledge and ability use and exercise every due and proper precaution and safeguard against loss under the policy, the intent and meaning being that the insured animal shall have the same care and attention as if it were uninsured.

It is further provided that in the event of illness or accident to the animal, the Insured shall at his own expense immediately and during such illness obtain the services of a qualified Veterinary Surgeon and shall give notice within 48 hours to The Managers, Pedigree Dog Policies, 94/5 Cheapside, London, E.C. 3.

Whenever Death shall occur to the animal hereby insured by reason of the negligence, carelessness or wrongdoing of any person the Assured shall not claim or accept compensation from such person without consent of the Underwriters, but shall give the Underwriters all necessary information to secure such compensation and it shall be the right of the Underwriters to sue in the name of the Assured and recover compensation from the persons causing such death, and any compensation so recovered shall be the property of the Underwriters but not exceeding the sum insured.

No insured animal shall be operated on nor destroyed unless in the interests of humanity or when deemed necessary on the advice of a qualified Veterinary Surgeon.

We hereby further agree to indemnify the Assured against all sums for which he shall become legally liable during the said period as and for compensation in respect of personal injury to any person other than a person in the Assured's service directly or indirectly, or acting on his behalf or his Employers or a member of the Assured's family, caused by the insured animal biting any person.

Provided always that in no case shall the Underwriters indemnify the Assured to a greater extent than £100 (One hundred), inclusive of costs, charges and expenses payable to the Assured or any Claimant.

The insured shall not, except at his own cost, negotiate, pay or settle any claim without consent of Underwriters.

If the risk specified shall be enhanced by any increase in the number of dogs the Insured shall within one week after such enhancement give notice and pay such extra premium as may be required.

Upon the happening of any event likely to give rise to a claim, due notice shall be immediately given to.....together with all necessary information.

The Insured shall comply with all statutory regulations for the time being in force.

No other insurance permitted.

Any material misrepresentations, omissions or concealment of any facts or non-compliance with or contravention of any of the foregoing clauses or the making of any claim knowing same to be false and fraudulent shall render the Policy null and void.

"A"

INSTALLMENT INTEREST FLOATER

$....On their interest as shown by their accounts in merchandise consisting principally of household furniture, carpets, stoves and household furnishings sold by them under lease while contained in buildings situate anywhere in the county of..... State of.....

It is understood and agreed as follows:

That this policy shall not cover in any buildings in which the ground floor is occupied for mercantile purposes, nor in buildings occupied in whole or in part for motion picture or theatrical purposes, nor in public buildings, nor warehouses, nor in buildings used for manufacturing purposes, fairs or expositions.

That this Company shall not be liable for any loss of less than $10, nor for more than $750 under any one account, nor $5,000 in any one building.

That the insured's interest is that of lessor under leases which provide that the lessees shall keep the leased property insured for the benefit of the lessor and if any lessee shall provide good and sufficient insurance to protect the lessor against all losses in accordance with the terms of said lease, this policy shall not apply, nor shall this policy be held as concurrent or contributing with any such insurance in whole or in part on any of the property described herein.

That if any lessee shall provide insurance which through error or otherwise shall not protect the lessor against all loss in accordance with the terms of said lease, or shall fail to provide any insurance, then this policy shall be in full force and effect for such deficiency and the insured agrees to subrogate his right of recovery in the case of any loss paid under this policy.

That for the purpose of applying the 90 per cent reduced rate average clause the insured shall furnish this Company on demand with a complete list of all balances due on account to which this insurance applies.

(Attach R. R. A. and other clauses.)

Note: This is a form used to protect an installment furniture house against loss by fire of any unpaid balances under the conditions named in the form, the amount of insurance being the amount of current unpaid balances on outstanding accounts.

ARCHITECTS' OR ENGINEERS' PLANS

On plans and/or drawings, the assured's own or sold but not removed, also on the assured's interest in and on their liability for similar property held by them in trust or otherwise; all while contained in the Vaults of the basement and two story concrete Office Building situate on assured's premises on north side of .....in.....

It is understood and agreed that in the event of loss or damage to said plans and/or drawings, settlement shall be made on the basis of not exceeding the cost of reproduction and/or restoration, except that in the case of loss or damage to such plans and/or drawings of which the assured may have adequate copies for such purpose settlement shall be made on the basis of not exceeding the cost of redrawing and/or recopying.

Eighty Per Cent Coinsurance Clause attached to policy.

1939—Finance Form #1

AUTOMOBILE FINANCE MASTER POLICY FORM DOUBLE INTEREST COVERAGE

1. INTERESTS INSURED—The interests of..... or of any assignee thereof, herein called the "Named Assured," and of retail purchasers financing or refinancing the purchase of automobiles or borrowers pledging automobiles for the security of loans, herein called "Purchasers or Borrowers," in automobiles

described in individual policies or certificates issued in connection with this policy are insured hereunder against the perils specified in this policy and in such individual policies or certificates, and loss, if any, is payable to the Named Assured and Purchaser or Borrower, as their respective interests may appear.

2. ATTACHMENT AND EVIDENCE OF INSURANCE—The insurance hereunder upon each automobile attaches as of the time of execution of the conditional sale, mortgage or lien agreement, but only if reported to this Company within thirty (30) days thereafter. The acceptance of each risk and the particulars of insurance thereon, including the perils insured against, shall be evidenced by an individual policy or certificate of insurance issued hereunder by this Company.

3. PAYMENT OF PREMIUMS—The Named Assured guarantees the payment of all premiums hereunder. It is agreed by the Named Assured and this Company that full settlement and payment of the net amount shown to be due each month either to this Company or to the Named Assured for all individual policies or certificates of insurance issued during such month, less the return premiums due the Named Assured for all cancelations of individual policies or certificates effected during such month, shall be made within thirty (30) days after the close of such month.

4. WARRANTIES BY NAMED ASSURED—The Named Assured warrants:

(a) That each automobile insured hereunder has been sold or pledged under a legally executed and enforceable conditional sale, mortgage or lien agreement; also

(b) That the individual policies or certificates showing the terms of the insurance hereunder shall promptly upon issuance thereof be delivered to the Purchasers or Borrowers; also

(c) That the Named Assured will not effect cancelation of any individual policy or certificate issued hereunder without giving due notice thereof to Purchaser or Borrower and tendering to Purchaser or Borrower any return pemium due; also

(d) That when notice of cancelation is received by the Named Assured from this Company, the Named Assured will give such notice and tender such return premium, if any shall be due, to Purchaser or Borrower; also

(e) That the Named Assured will not make any loss settlement, except at its own cost, without the written consent of this Company previously given, nor in any way prejudice the rights of this Company; also

(f) That the Named Assured will hold this Company harmless against any and all claims made by Purchasers or Borrowers, or other parties at interest, due to any neglect or failure on the part

of the Named Assured to comply fully with the conditions of this policy; also.

(g) That in case of loss resulting from a peril insured against and when so requested by this Company, the Named Assured shall sue, labor and travel, shall use all reasonable means for the security, preservation and recovery of the insured automobile, and shall render all reasonable assistance, to this Company in the apprehension of persons and prosecution of persons and claims. (This Company agrees to indemnify the Named Assured against all reasonable expense incurred in giving such assistance); also

(h) That the Named Assured will notify this Company promptly of any change in ownership or increase in hazard in respect of any automobile insured hereunder which shall come to its knowledge and will account to this Company for the premium for such increased hazard.

5. VIOLATIONS OF POLICY CONDITIONS BY PURCHASER OR BORROWER—Subject to warranty (h) of Paragraph 4 hereof, the insurance hereunder of the interest of the Named Assured as to any automobile shall not be invalidated by any act or neglect of Purchaser or Borrower or by any change in the title or ownership of the automobile. Wrongful conversion, embezzlement or secretion of any insured automobile by Purchaser or Borrower is not covered under any policy or certificate unless such liability is specifically assumed and premium paid therefor.

6. LIMITS OF LIABILITY—This Company's limit of liability for loss or damage to any automobile insured hereunder shall be as provided in the general conditions of this policy, except that when the Named Assured's interest only, as hereinafter defined, is insured hereunder, there shall be no liability unless the actual loss or damage sustained impairs the Named Assured's interest in such automobile, in which event the limit of this Company's liability shall not exceed the amount of such impairment nor, in any event and subject to the general conditions of this policy, shall such liability exceed the lower of the following limits:

(a) The cost of repair or replacement of the insured automobile, or

(b) The actual cash value of the insured automobile at the time of loss.

When the interest of the Named Assured only is insured hereunder, such interest shall be defined as the amount of the Purchaser's or Borrower's unpaid balance not more than sixty (60) days past due less actual unearned interest, insurance, finance and other carrying charges, computed as of the date of loss.

7. OTHER INSURANCE—If at the time of loss hereunder there be other insurance in the name of or for the benefit of either or both Purchaser or Borrower or the Named Assured, any insurance hereunder shall be considered as excess insurance and shall not apply to

nor contribute to the payment of any loss sustained by Purchaser or Borrower or the Named Assured until such other insurance shall have been exhausted.

8. REPOSSESSED AUTOMOBILES—Upon repossession of an automobile insured hereunder, the insurance of the Purchaser's or Borrower's interest therein shall immediately cease and terminate, but the insurance of the Named Assured's interest therein shall continue until expiration of the individual policy or certificate, or the prior cancelation thereof, subject to the limits of liability stated in Paragraph 6 hereof.

9. CANCELATION—(a) Master Policy: Either the Named Assured or this Company may give notice in writing to the other that after thirty (30) days from the date of such notice no additional liability will be offered or accepted under this policy; but such action shall not prejudice outstanding insurance in force as evidenced by individual policies or certificates issued in connection herewith. When all such outstanding individual policies or certificates have expired or been otherwise terminated, this policy shall be returned to this Company for cancelation.

(b) INDIVIDUAL POLICIES OR CERTIFICATES: (1) Cancelation by the Named Assured: The Named Assured, for account of all parties at interest, may at any time upon surrender of Purchaser's or Borrower's copy of the individual policy or certificate cancel such insurance. This Company shall, upon cancelation thereof, credit the account of the Named Assured with the return premium due, which shall be computed on the customary short rate basis on that part of the paid premium which is not under the terms of this policy a minimum premium charge to be retained in full by this Company.

(2) Cancelation by this Company: The insurance under any individual policy or certificate may be canceled at any time by this Company by giving to the Named Assured and to Purchaser or Borrower, for account of all parties at interest, five (5) days' written notice of cancelation. Notice of cancelation to Purchaser or Borrower shall state that the return premiums, if any, will be paid to the Named Assured for account of all parties at interest.

(c) Notice of Cancelation: Notice of concelation mailed to the Named Assured and Purchaser or Borrower at the address of each stated in this policy, the individual policy or certificate shall be sufficient notice to all parties at interest.

10. EXAMINATION OF RECORDS—This Company, through authorized representatives, shall be permitted at all reasonable times to examine the books, records and files of the Named Assured for the purpose of determining any facts relating to insurance hereunder.

11. SUBROGATION; ASSIGNMENT OF RIGHTS—In pursuance of its subrogation rights, this Company may require from the Named Assured or the Purchaser or Borrower or both an assignment of all right against, and papers necessary to obtain recovery from, any party or parties for loss or damage for which insurance is provided hereunder.

Attached to and forming part of Policy No.....
of the.....Insurance Company.
Countersigned at.....
this.....day of.....19.....
.....Agent.

1939—Finance Form #2

AUTOMOBILE FINANCE MASTER POLICY ENDORSEMENT

SINGLE INTEREST COLLISION COVERAGE

1 INTEREST INSURED; PERILS COVERED—In consideration of additional premiums charged therefor, this policy is extended to cover the interest of the Named Assured only in all automobiles insured hereunder, against the perils of Accidental Collision or Upset when, as a result of one Accidental Collision or Upset, occurring while the insured automobile is in the lawful possession of a retail Purchaser or Borrower under a conditional sale, mortgage or lien agreement, the Purchaser or Borrower has defaulted in payment thereon, the interest of the Named Assured has become impaired and the Named Assured has repossessed the automobile.

2. MINIMUM RETAINED PREMIUM; EXCEPTIONS—The premium charged hereunder for each automobile is a minimum charge and is to be retained in full by this Company, except that pro rata cancelation may be allowed when new insurance is written within thirty (30) days covering an automobile financed for the same Purchaser or pledged by the same Borrower or when such insurance is canceled at the request of this Company.

3. NOTICE OF IMPAIRMENT—When the Named Assured shall be advised of damage to an automobile insured hereunder which may result in an impairment of its interest therein, the Named Assured shall give immediate notice of such occurrence to this Company or its duly authorized agent.

4. DATE OF LOSS—This Company's liability shall attach as of the date when this Company receives notice from the Named Assured that all the conditions precedent to a claim hereunder have been complied with, and such date shall, for the purpose of this Endorsement, be the date of loss.

5. LIMITS OF LIABILITY—There shall be no liability under this Endorsement unless the actual loss or damage sustained impairs the Named Assured's interest, as hereinafter defined, in an automobile insured hereunder, in which event the limit of this Company's liability shall not exceed the amount of such impairment nor, in any event and subject to the general conditions of the policy to which this Endorsement is attached, shall such liability exceed the lower of the following limits:

(a) The cost of repair or replacement of the insured automobile; or

(b) The actual cash value of the insured automobile at the time of loss.

For the purpose of this Endorsement, the interest of the Named Assured in an automobile insured hereunder shall be defined as the amount of the Purchaser's or Borrower's unpaid balance not more than sixty (60) days past due less actual unearned interest, insurance, finance and other carrying charges, computed as of the date of loss.

Attached to and forming part of Policy No.....
of the .....
..... insurance Company.
Dated..... .....Agent.

1939—Finance Form #6

AUTOMOBILE FINANCE MASTER POLICY FORM

SINGLE INTEREST COVERAGE, EXCEPTING COLLISION AND WRONGFUL CONVERSION

1. INTEREST INSURED—The interest of the Assured, or of any assignee of the Assured, in automobiles financed or refinanced by the Assured for retail Purchasers or pledged to secure loans made to Borrowers, which are to be described in individual policies, certificates or memoranda issued in connection with this policy, is insured hereunder against the perils specified in this policy and in such individual policies, certificates or memoranda.

2. ATTACHMENT AND EVIDENCE OF INSURANCE—The insurance hereunder upon each automobile attaches as of the time of execution of the conditional sale, mortgage or lien agreement, but only if reported to this Company within thirty (30) days thereafter, The acceptance of each risk and the particulars of insurance thereon, including the perils insured against, shall be evidenced by an individual policy, certificate or memorandum of insurance issued hereunder by this Company.

3. PAYMENT OF PREMIUMS—It is agreed by the Assured and this Company that full settlement and payment of the net amount shown to be due each month either to this Company or to the Assured for all individual policies, certificates or memoranda of insurance issued during each month, less the return premiums due the Assured for all cancelations of individual policies, certificates or memoranda effected during such month, shall be made within thirty (30) days after the close of such month.

4. WARRANTIES BY THE ASSURED—The Assured warrants:

(a) That each automobile insured hereunder has been sold or pledged under a legally executed and enforceable conditional sale, mortgage or lien agreement; also

(b) That the Assured will notify this Company promptly of any change in ownership or increase in hazard in respect of any automobile insured hereunder which shall come to its knowledge and will account for and pay to this Company the premium for such increased hazard.

(c) That in case of loss resulting from a peril insured against and when so requested by this Company, the Assured shall sue, labor and travel, shall use all reasonable means for the security, preservation and recovery of the insured automobile, and shall render all reasonable assistance to this Company in the apprehension of persons and prosecution of persons and claims. (This Company agrees to indemnify the Assured against all reasonable expense incurred in giving such assistance).

5. CONDITIONS PRECEDENT TO LIABILITY—Reasonable efforts by the Assured to collect overdue payments, and in default thereof to repossess the automobile, and the impairment of the interest of the Assured in such automobile are conditions precedent to the attaching of this Company's liability for any loss under this Policy.

6. NOTICE OF IMPAIRMENT—When the Assured shall be advised of damage to an automobile insured hereunder which may result in an impairment of its interest therein, the Assured shall give immediate notice of such occurrence to this Company or its duly authorized agent.

7. DATE OF LOSS—This Company's liability shall attach as of the date when this Company receives notice from the Assured that all conditions precedent to a claim hereunder have been complied with, and such date shall, for the purpose of this insurance, be the date of loss.

8. LIMITS OF LIABILITY—There shall be no liability under this Policy unless the actual loss or damage impairs the Assured's interest, as hereinafter defined, in an automobile insured hereunder, in which event the limit of this Company's liability shall not exceed the amount of such impairment nor, in any event and subject to

the general conditions of this Policy, shall such liability exceed the lower of the following limits:

(a) the cost of repair or replacement of the insured automobile; or

(b) the actual cash value of the insured automobile at the time of loss.

For the purpose of this insurance, the interest of the Assured in an automobile insured hereunder shall be defined as the amount of the Purchaser's or Borrower's unpaid balance not more than sixty (60) days past due less actual unearned interest, insurance, finance and other carrying charges, computed as of the date of loss.

9. OTHER INSURANCE—If at the time of loss hereunder there be other insurance in the name of or for the benefit of the Assured, any insurance hereunder shall be considered as excess insurance and shall not apply to nor contribute to the payment of any loss sustained by the Assured until such other insurance shall have been exhausted.

10. CANCELATION—(a) Master Policy: Either the Assured or this Company may give notice in writing to the other that after thirty (30) days from the date of such notice no additional liability will be offered or accepted under this Policy; but such action shall not prejudice outstanding insurance in force as evidenced by individual policies, certificates or memoranda issued in connection herewith. When all such outstanding individual policies, certificates, or memoranda have expired or been otherwise terminated, this Policy shall be returned to this Company for cancelation.

(b) Individual Policies, Certificates, or Memoranda: (1) Cancelation by the Assured: The Assured may at any time upon the surrender of an individual Policy, certificate or memorandum cancel such insurance. This Company shall, upon cancelation thereof, credit the account of the Assured with the return premium due, which shall be computed on the customary short rate basis on that part of the paid premium which is not under the terms of this Policy a minimum premium charge to be retained in full by this Company.

(2) Cancelation by this Company: The insurance under any individual policy, certificate or memorandum may be canceled at any time by this Company by giving to the Assured five (5) days' written notice of cancelation.

(c) Notice of Cancelation: Notice of cancelation, if mailed to the Assured at the address stated in this Policy, shall be sufficient.

11. EXAMINATION OF RECORDS—This Company, through authorized representatives, shall be permitted at all reasonable times to examine the books, records and files of the Assured for the purpose of determining any facts relating to insurance hereunder.

12. SUBROGATION; ASSIGNMENT OF RIGHTS—In pursuance of its subrogation rights, this Company may require from the Assured, or its Assignees, an assignment of all right against, and papers necessary to obtain recovery from, any party or parties for loss or damage for which insurance is provided hereunder.

Attached to and forming part of Policy No.....
of the .....
.....Insurance Company.
Countersigned at .....this
.....day of.....19.....
.....Agent.

GARAGE OWNER'S LEGAL LIABILITY FORM

$....On the assured's legal liability for direct loss or damage by fire to or theft of automobiles, commercial cars, trucks, tractors, chassis or bodies, not owned by the assured, but the property of others, which are held by the assured for storage or repairs, as evidenced by the books, records or receipts of assured, providing the loss or damage occurs while the automobiles are contained in the premises occupied by the assured situate at.....and not elsewhere.

Provided that this company shall be liable hereunder for such damage by fire or theft only when such fire or theft results from the negligence of the assured and/or his employees for which damage the assured shall be held to be legally liable.

It is a condition of this contract that the insured shall not voluntarily assume liability for loss to any motor vehicle or other property insured hereunder.

This company shall not be liable hereunder for any loss by theft unless such theft is of an entire automobile, commercial car, truck, tractor, chassis or body covered hereunder.

This contract shall also cover legal expenses incurred by the assured with the consent of this company in connection with the coverage granted hereunder, but in no case shall the company be liable for a greater amount than the sum insured under this policy.

Other insurance permitted.

The terms and conditions contained in this form supersede anything to the contrary printed in the policy to which this form is attached.

BUILDING AND LOAN ASSOCIATION FORM

(Mortgage Interest)

(*Uniformity West*)

$....On the several properties on which the Building and Loan Association shall have substituting loans at the time when any of the said properties, during the term of this insurance, suffer loss or damage by tornado, cyclone or windstorm while located within the limits of.....and/or City and County of..... State of.....

This insurance being designated to cover only the mortgage interest of said Building & Loan Association in each of said properties: It is hereby made an express condition of this contract that no claim hereunder shall be made against this company for loss or damage by tornado, cyclone or windstorm until the loss or damage on any specific building has impaired the security of said Building & Loan Association to such an extent that the value of land as appraised at the time the loan was made and the remaining value of the building does not equal the balance due under the mortgage on the specific property, and then only for the difference between the value of the property remaining and the amount due on said property not exceeding $.....

In consideration of the rate and form of this policy, it is understood and agreed that the liability assumed by this Company hereunder shall be only such proportion of the actual loss or damage above specified, as the amount insured under this policy bears to 25 per cent of the total amount of the outstanding loans of the insured within the territory described in this policy.

BUILDING AND LOAN ASSOCIATION

(Mortgage Interest Form)

$50,000 on their mortgage interest in the various buildings forming a part of the security upon which the insured has made loans, the liability of this Company being limited as follows:

For loss arising through failure of the owner of property mortgaged to the insured to obtain fire insurance on the buildings situate on such property or the unintentional failure of the insured to obtain such fire insurance.

For not more than 20 per cent of the amount of this policy in any one fire.

This policy is issued upon the following representations by the insured:

That it is the practice of the insured at the time of making mortgage to require the owner of property mortgaged to obtain

and file with the insured fire insurance amounting to the face of the mortgage, or if that is greater than the value of the buildings then for the amount of such value.

That if such insurance expires and renewal has not been received by the insured it is the practice of the insured to itself obtain the necessary amount of fire insurance.

That the amount the insured now has outstanding on mortgage is approximately $1,000,000.

It is understood and agreed that if the amount outstanding on mortgage at the time of any loss is more than $1,100,000, then this policy shall not be liable for any greater proportion of such loss than the amount hereof bears to $1,100,000. Also that in event of loss this Company shall be subrogated to all the rights of the mortgagee to the extent of the amount of the loss paid.

(Attach usual clauses.)

ACCOUNTS RECEIVABLE INSURANCE

This is purchased by the department and other stores where a substantial portion of their sales is charged to customers accounts. If sales records were destroyed collection would be difficult and inevitably result in material losses. The forms of cover have not been standardized and examples of some of those in use follow:

$....Covering loss to assured resulting from destruction or damage by fire of records of unpaid outstanding accounts, said records being located on the.....floor(s) of the.....story .....building occupied as.....situated.....

It is the intent of this insurance to reimburse the assured for loss sustained by reason of the destruction or damage of books and/or records showing customers' accounts receivable, but the limit of liability under this policy shall not exceed $....., it being understood, however, that this Company shall not be liable for accounts receivable more than sixty days from the last day of the month in which the purchases were made, nor in any event for accounts receivable which are uncollectible because of receivership, assignment or insolvency.

At the inception of this insurance, the assured shall file with this Company a statement showing in the aggregate the amount of current accounts receivable and the amount outstanding *over thirty days*, but not over sixty days, on which amount (subject to the stipulated limit) the initial premium shall be based. On the tenth day of each succeeding month a similar statement shall be filed with the company and the average amount of such monthly statements (subject to the stipulated limit) shall determine the

final cost of this insurance. If such premium so computed shall be less than the initial premium paid by the assured the company shall refund the difference between the initial premium and the amount so computed. If, however, the amount of premium so determined shall be greater than the initial premium paid, then the assured shall pay the company such excess over and above such initial premium.

The amount of insurance in force under this policy shall be the amount of outstanding accounts (or in the event of other insurance pro rata thereof) as reported by the assured on the last reporting day as provided for above, prior to the date of loss, if any, and in the event this amount exceeds the amount of insurance, the additional premium computed on such increased amount shall be deducted from the amount of loss.

The assured agrees to make every possible effort to collect outstanding accounts, and shall keep a separate record of all payments after the date of occurrence of such loss or damage, this company to bear the extra cost to the assured in making such collections.

The assured agrees to allow the company access to their books at all reasonable times, insofar as the purpose of such access may relate to the subject matter of this insurance.

It is further expressly stipulated and made a condition of this insurance that the assured shall keep all books and records securely locked in fireproof safes or vaults at night and at all times when the building above described is not actually open for business of the assured, except when such books and records are in actual use by the assured or its employees; that the last trial balance sheet or copy thereof as well as a list of the names of persons having accounts with the assured shall be kept in a vault not on the premises where this policy covers, and that this list shall be revised at least every six months.

This form is made a special agreement between the company and the assured, any provisions or conditions in the policy to the contrary notwithstanding.

ACCOUNTS RECEIVABLE INSURANCE

Against loss of accounts due to the assured's inability to collect the same by reason of damage to or destruction of their books of account and/or office records as the result of.....while said books of account and office records are contained in the premises of the assured situate.....

It is the intention of this insurance to reimburse the assured, for amounts to be determined, for accounts of customers, the

identity of which are lost by damage to or destruction of Books of Accounts and/or office Records as a result of the hazards listed above, but in no event shall this be held to cover accounts more than one year old.

In consideration of this policy being issued for an open amount, the assured hereby agrees to furnish to the Company, or an authorized representative of the Company on the.....day of each month during the time this policy is in force, an exact statement of the outstanding and uncollected accounts, and it shall be the duty of the Company, through its authorized representative, to procure such statement from the assured.

It is further understood and agreed that the Company shall, at any time, have access to the records of the Assured for the purpose of verifying the statement of outstanding accounts as submitted by the Assured.

The amount of insurance in force under policy shall be the amount of outstanding accounts as reported by the Assured on the last reporting day as provided for above, prior to the date of loss, if any, but the liability of this Company shall in no event exceed the agreed amount of $.....

For the purpose of arriving at the final and complete consideration due the Company for this policy, the average amount of outstanding accounts reported by the Assured during the time the policy is in force shall be considered the amount of insurance in force, and this amount, figured at an annual rate of $....., shall establish the final premium due. If such premium so computed shall be less than the amount of the initial premium paid by the Assured, the Company shall repay to the Assured the difference between the initial premium and the amount so computed. If, however, the amount of premium so determined shall be greater than the initial premium paid by the Assured, then the Assured shall pay the Company in addition to the initial premium, such excess over and above such initial premium.

In the event of total destruction of books of Accounts and/or office records, the Company shall become liable and shall pay to the Assured the total amount of insurance in force as provided in this written form.

In the event of partial destruction of books of accounts and/or office records, the Company shall become liable and shall pay to the Assured the difference between the insurance in force and the total of outstanding accounts as shown by the undestroyed records.

In consideration of payment of loss by the Company as provided for above, the Assured hereby agrees to have a separate record kept of all accounts made after the date of the occurrence of loss or damage and further warrants that every effort will be

made to collect all outstanding accounts, and that the total amount received from such collection shall be payable to the Company; furthermore the Assured hereby agrees to confer with the Company regarding the collection of outstanding accounts.

It is further expressly stipulated and made a condition of this insurance that the Assured shall keep such books and records securely locked in fireproof.....at nights and at all times when the building above described is not actually open for business of the Assured, except when such books and records are in actual use by the Assured or its employees; that the last trial balance sheet or a copy thereof as well as a list of the names of persons having accounts with the Assured shall be kept in vault not on the premises where this policy covers, and that this list shall be revised every six months.

This form is made a special agreement between the Company and the Assured, any provisions or conditions in the policy to the contrary notwithstanding.

ACCOUNTS RECEIVABLE INSURANCE

On accounts receivable which the insured may be unable to collect by reason of loss or damage to records as the result of the perils insured against by this insurance, while contained in buildings situate.....used and occupied for mercantile and manufacturing purposes.

This policy being for the provisional amount of $.....or..... per cent of the total contributing insurance, this Company shall not be liable for more than $.....part of the total liability of $....., nor shall this Company be liable hereunder for a greater proportion of any loss on accounts receivable, as defined herein, than the amount of insurance under this policy bears to the total amount of accounts receivable insurance on the property described herein. This insurance is a special agreement and shall not be called upon in contribution with nor shall there be any liability hereunder for any loss recoverable under any other form of insurance.

It is a special condition of this insurance that all the business records—the loss of which might lead to a claim under this policy —shall at all times be kept in fireproof (so called) vaults and/or safe cabinets when not actually in use.

In the event the insured's accounts receivable records shall, during the term of this policy, be damaged or destroyed by the perils hereby insured against, this Company shall within a period of ninety (90) days from the date of such damage or destruction pay and make good to the insured such shortage in collection of

accounts receivable, the records for which are so damaged or destroyed, as is shown to have resulted from such damage or destruction, subject to the following limitations and conditions:

DEFERRED PAYMENT ACCOUNTS.—In the event a portion of the insured's accounts receivable to which the insurance hereunder extends is in the form of "deferred payment accounts," it is a condition of this policy that payment for any loss hereunder by reason of destruction of the insured's deferred payment accounts records by the perils hereby insured against, subject in all other respects to the limitations and conditions of this policy and form, shall be made as follows:

The first payment shall be made ninety days after such loss and subsequent payments shall be made on the last day of each calendar month thereafter, and such payments shall be: (a) the total amount of installments on deferred payment accounts in existence on the date of loss and due to be paid to insured during the period between the date of the loss or the date of the last payment and the date upon which the current payment is due, less (b);

(1) The unpaid installments falling due during such period and of which the insured has a record;

(2) All payments received by the insured under deferred payment accounts the records for which were destroyed by the perils hereby insured against, on installments falling due during such period.

BAD DEBTS.—It is a condition of this insurance that from the amount of any loss payable under this policy, whether for ordinary charge or deferred payment accounts, the insurers shall be entitled to deduct an amount to allow for probable bad debts, which, but for destruction of or damage to the insured's records, would have been incurred by the insured, based upon the insured's experience with bad debts during the three fiscal years preceding the fire.

It is a condition of this insurance that in the event of loss hereunder the insured shall use all reasonable diligence and effort, legal and/or otherwise, to effect collection of outstanding accounts, the records for which have been destroyed, and the extra cost, if any, incurred thereby shall constitute a claim hereunder.

It is a condition of this insurance that after the settlement of any loss hereunder all amounts recovered by the insured on accounts receivable outstanding at the time of such loss shall belong and be paid to this Company by the insured up to a total not exceeding the amount of loss paid hereunder, but all recoveries in excess of that amount shall be for and belong to the insured.

It is a further condition of this policy that this Company shall not in any way approach customers or patrons of the insured in order to effect collections or for any other purpose in connection with this insurance.

It is also a condition of this insurance that in the event it is possible to reconstruct the insured's accounts records after they have been destroyed by the perils insured hereunder, so that no loss through collection is sustained, this Company shall be liable hereunder only for the cost of materials and time required with the exercise of due diligence and dispatch to reestablish and/or reconstruct such accounts records and/or the accounts therein, but only so far as not covered by any other form of insurance.

The amount of insurance and premium named are provisional sums subject to adjustment as hereinafter provided:

The assured agrees to furnish this Company, within ten (10) days after the close of each month during the term of this policy, or as soon thereafter as may be practicable, a statement showing the amount of "Accounts Receivable" outstanding as of the last business day of the preceding month or part of month, within the policy term.

At the expiration of each twelve month's period of the policy term the total value at each location appearing in the statements shall be divided by the aggregate number of months of the twelve month's period that property insured hereunder was at risk and the average value reported shall thus be determined. The actual premium consideration for liability assumed hereunder shall then be calculated at pro rata of.....per cent of this Company's proportion of the average amount so established. If the total premium on such average value at the rate herein provided exceeds one-third of the provisional premium herein specified, the assured will pay to this Company an additional premium for such excess. If the total premium is less than one-third of the provisional premium herein specified, this Company shall refund to the assured any excess paid.

Upon termination of risk hereunder if policy be cancelled, the total value at risk appearing in all of the statements for the period in which premium has not been adjusted shall be divided by the number of months of such period in which property insured was at risk, and the average value shall thus be determined. The actual premium consideration for liability assumed hereunder shall then be calculated as herein above provided. If the total premium on such average value at the rate herein provided exceeds that portion of the provisional premium not yet adjusted, the assured shall pay to this Company additional premium for such excess. If the total premium is less than that portion of the provisional premium not yet adjusted, this Company shall refund to the assured any excess paid.

FULL REPORTING CLAUSE.—It is a condition of this insurance that, in case of loss, this Company's liability hereunder shall not exceed that proportion of such loss which the last reported amount of the insured's outstanding accounts receivable (charge and/or deferred payment accounts) bears to the actual amount of the insured's accounts receivable (charge and/or deferred payment accounts) at the time of such report.

(Attach usual claims and permits.)

CONTINGENT LOSS FORM

(Increase of Price)

$....On the contingency of an increase in the price of flax seed of the kind and quality used by the insured.

It is the intent of this policy to reimburse the insured, in case of fire destroying his flax seed while contained in the..... Elevator and Grain Company plant at....., for the difference in purchase price of flax seed over and above the market value at .....of such seed on the date of the fire, it being understood that immediately after the fire the insured shall use his best efforts to purchase seed of the same kind and quality and this policy shall only undertake to indemnify him in case the price actually advances during the five days following the fire and before he has been able to place his order therefor.

Due diligence shall be used by the insured in effecting purchase, being such diligence as he would normally use if without insurance of this nature.

Recovery under this policy shall be for no greater proportion thereof than the percentage of the insured's seed damaged bears to the total of his seed in the elevator.

CONTINGENT COMMISSIONS INSURANCE

$....On loss of Contingent Profits or Commissions, not exceeding the amount hereby insured, that shall be sustained by the assured between.....of the.....day of.....and midnight of the.....day....., both inclusive, under contracts of the assured with the following named companies for writing fire insurance covering buildings, contents and/or other insurable interests in properties:

Name of Company	Earned Contingent Commissions at Inception of This Policy
.....	$.....
.....	$.....
.....	$.....
.....	$.....
TOTAL	$.....

The Earned Contingent Commissions hereby insured are stated by the assured to be the total of the amounts respectively set forth above at the date of inception of this policy. Should it be found that such total amount of Earned Contingent Commissions is actually less than the total as above set forth, there shall be no rebate or readjustment of the consideration or premium for this policy, but if solely by reason of fire losses occurring during the term of this policy such Earned Contingent Commissions are entirely lost or are reduced, the liability of this Company shall be for the amount of the Earned Contingent Commissions so lost and/or reduced below the amount actually earned at the date of inception of this policy and not exceeding, in any event, the difference between the amount insured under this policy and the total amount of Contingent Commissions finally payable to the assured.

This policy is not subject to cancellation in whole or in part, any provisions contained in the printed portions of this policy, or in any endorsement attached hereto, to the contrary notwithstanding.

It is understood and agreed that the premium for this policy must be paid to this Company within five (5) days from the receipt of this policy by the assured, otherwise this policy shall be void and of no effect.

Note: The foregoing insurance is purchased by agents who receive a contingent commission on profits as a part of their compensation; is also available to general agents or others. The contingent period is for one year. Such insurance is usually purchased to be effective for the last one, two or three months of the contingent period and policy is issued for the amount of contingent already earned up to the date of insurance. If at the end of the year the contingent earned is equal to or in excess of the amount covered by the contingent insurance, there is no loss thereunder, but if it is less than such amount then the contingent insurance pays the difference. Rates quoted are

15 per cent for eleven months earned, one month's insurance; 18 per cent for ten months earned, two months' insurance; and 20 per cent for nine months earned; three months' insurance.

DEPRECIATION, REPLACEMENT, DEMOLITION

The question sometimes arises how to arrive at the insurable value of a building which, in whatever state of repair or usefulness, must be torn down because of the operation of an ordinance, or as the result of condemnation proceedings, or merely because the owners have elected to tear it down. As an example; if a building is destined for demolition at the expiration of one year, obviously its usefulness is limited to that time and at the end its value will be for wreckage purposes only. Its insurable value at the beginning of said year and during that year could not equitably be on the basis of replacement cost less depreciation unless said depreciation takes into account the contemplated demolition. In many cases the value of such a building under such conditions has been considered to be the rental value up to the date of demolition less all operating costs plus the value of salvaged materials if these exceed the cost of demolition. If insurance be written on this basis without the insurable value being stated, and especially if the coinsurance clause is attached to the policy, there should be some expression in the policy to show the basis of arriving at insurable value in order to avoid controversy. One method of doing this is by drawing the form as follows:

> "$....On his insurable interest in the building situated .....being the net rental for one year (gross rental less operating cost), plus the estimated net value of salvage to be derived from wreckage of building in due course."

There are other cases where a building suffers much more than normal physical depreciation although not scheduled for demolition; many vacant and idle properties, because of the investment loss which they represent to their owners, would be sold by them at a figure far lower than replacement cost less normal physical depreciation. Insurance being intended as indemnity only should not be written for an amount representing more than actual loss to the owner; therefore from the insured's point of view it should not be

necessary to carry more insurance than can properly be collected as indemnity, but in such cases, particularly where coinsurance is required as a part of the policy, other questions arise. Repair of a partially destroyed structure might cost as much or more than the owner's valuation of the entire building. A policy written without coinsurance in some cases will meet the situation but is not always desirable or acceptable to the insured or the insurance company. For this reason it is the custom in some territories for insurance in such cases to be written at the coinsurance rate providing the following clause is made a part of the policy:

"In consideration of the rate of premium and the amount of insurance for which this policy is written it is understood and agreed that in the settlement of a partial or total loss on buildings and/or machinery, the insured hereby agrees to accept the same scale of percentage of depreciation on the damaged or destroyed portions as are used in fixing the total value of the damaged and undamaged portions and the assured further agrees that all losses shall be settled accordingly."

It may be recognized that in certain cases this clause might work a hardship on the insured, but when a building has reached the "for sale at a bargain price" state, insurance thereon can hardly be treated in the usual way and in all fairness when an owner is prepared to part with a building at a sacrifice price he may not properly expect to recover a loss from insurance in excess of an amount which he could recover by sale.

Attempt has been made to take care of the reverse situation, namely, to insure the depreciation deducted from the reconstruction cost of a building in arriving at its actual cash value, but very little such insurance is written for obvious reasons. One of the forms prepared for that purpose is as follows:

$....On depreciation (as hereinafter defined) of the following described property, to wit:.....

"Depreciation" as used in this contract of insurance shall be held and construed to mean the difference between the actual cash value of the above described property at the time of its damage or destruction by the hazard hereby insured against and the actual cost of replacing or rebuilding said property in like size and of similar construction at the same location.

It is a condition of this policy that it covers only the contingent loss which the insured may sustain by reason of depreciation, as

defined above, in the event the property described herein is damaged or destroyed during the term hereof by the hazard hereby insured against, and in no wise shall be held or construed to cover loss or damage to the physical property; nor for the contingent loss of depreciation of property obsolete or useless to the insured.

It is a further condition of this policy that this Company shall not be liable hereunder for more than the contingent loss of depreciation which the insured may sustain by reason of damage to or destruction of the property herein described by the hazard insured against; nor for an amount in excess of this policy nor a greater proportion of any loss than the insurance hereunder shall bear to all insurance, whether valid or not, and whether collectible or not, covering in any manner the loss hereby insured against.

In consideration of the rate and/or form under which this policy is written, it is expressly stipulated and made a condition of this contract that in the event of loss this Company shall be liable for no greater proportion thereof, than the amount hereby insured bears to 100 per cent of the actual depreciation, as defined herein of the property described herein at the time when any loss hereunder shall happen, nor for more than the proportion which this policy bears to the total depreciation insurance thereon.

Note: Usual clauses regarding alterations, repairs, work and materials, hours of labor, protection warranties, etc., should be added as permitted or required by local rules.

REPLACEMENT

Another related form of insurance, usually called replacement insurance, is intended to provide for cases where State laws, or city ordinances prohibit the erection of another type of building, particularly in congested areas, except one costing materially more than the existing structure. One of the forms used reads as follows:

If the building described is so damaged or destroyed by fire or lightning that the operation of a State Law or City Ordinance in effect at the time of loss requires, in rebuilding or repairing, the use of a different and more expensive type of construction, liability is assumed hereunder for such increased cost of rebuilding or repairing, and is limited by an amount not exceeding the difference between (1) the sum it would cost to erect an entirely new building, including necessary foundations, as near like the building destroyed as may be, having regard to such changes, including change to fireproof construction, as may be necessary by such law or ordinance, and (2) what it would cost to reconstruct the building, including foundations, of the same type of construction as it

was at the time of loss. Insurance under this clause does not cover cost of demolition or removal of debris. This Company shall not be liable under this clause for an amount greater than the amount of insurance carried against the contingency described herein, and shall be liable only for such proportion of the loss as the amount of this policy, applying to such loss, bears to the total amount of insurance carried against the contingency described herein, whether such other insurance is valid or not.

This Company shall not be liable under this clause unless a new building is erected on the same site by the insured. Upon determination of the amount of loss under this clause pursuant to the terms of this policy, the sum for which this Company is liable shall be payable in four equal installments, due respectively when the new building is one-fourth completed, one-half completed, three-fourths completed and fully completed.

DEMOLITION INSURANCE

None of the foregoing cases should be confused with what is known as Demolition insurance, a form of cover provided in certain territories under demolition clause of which the following will serve as an example, its purpose being clearly expressed therein:

In consideration of.....dollars additional premium this Company shall be liable, in case of loss or damage under this policy, for loss or damage occasioned by the enforcement of any State or municipal law or ordinance regulating the construction or repair of buildings and in force at the time such loss occurs which necessitates, in rebuilding, the demolition of any portion of the insured premises which has not suffered damage under this policy, and this Company shall also be liable for the additional cost of repair or reconstruction due to the enforcement of such law or ordinance of portions of the insured premises which have suffered damage, but the total liability of this Company under this policy shall not exceed the amount for which this policy is issued, nor such proportion of the actual value, prior to the fire, of the property insured hereby, nor of any loss thereto, as the amount of this policy bears to the total insurance covering on the property described in this policy, whether such insurance all contains the foregoing clause, or is on the same interests as that described in this policy, or not.

If this policy covers more than one building, the foregoing liability shall attach to each building separately not exceeding the amount specifically insured thereon; or if it does not attach on each building in a specific amount in proportion as the sound value of each building bears to the sound value of all.

REMOVAL OF GRAIN INSURANCE

Note: The usual form of fire insurance on grain would not pay the cost of removal of undamaged grain except possibly "from premises endangered by fire" as set forth in the standard policy provisions. The following form undertakes the cost of removal if there has been a fire in some portion of an interdependent plant, as shown in the form. Ordinary property damage insurance plus use and occupancy insurance would seem to give the needed indemnity. Indeed if adequate use and occupancy is carried and loss is paid thereunder, there might be subrogation against the grain removal cover, or if claim was made under the latter it might have subrogation against the use and occupancy insurance. The usefulness of such indemnity seems rather remote and on the other hand the potentialities for substantial loss thereunder for the insurance company seem rather large.

$20,000.—The amount insured by this policy covers the actual cost, of the removal of grain and seeds from Elevator Co.'s Plant known as 1, 2 and 3 resulting from the assured's inability to operate said plant or any portion thereof due to its destruction or damage by fire; situated on property owned, leased, occupied or used by the assured in.....

The operation of Elevator No. 1, Warehouse No. 2 and Elevator No. 3, is dependent upon the existence and operation of Boiler, Engine or Power House adjacent to Elevator No. 1, and in addition thereto the operation of Warehouse No. 2 and Elevator No. 3 is dependent upon the existence and operation of Elevator No. 1. Furthermore, the operation of Elevator No. 3 is dependent upon the existence and operation of Warehouse No. 2. Therefore, in case of the destruction of or damage to said Power House whereby elevator No. 1, Warehouse No. 2 and Elevator No. 3 shall be rendered inoperative or in case of the destruction of or damage to Elevator No. 1, whereby Warehouse No. 2 and Elevator No. 3 shall be rendered inoperative or in case of the destruction of or damage to Warehouse No. 2, whereby Elevator No. 3 shall be rendered inoperative this insurance will cover the actual cost of the removal of the grain and seeds from Elevator No. 1, Warehouse No. 2 and Elevator No. 3, resulting from the assured's inability to operate Elevator No. 1, Warehouse No. 2 and Elevator No. 3 and Power House or any portion thereof.

"In case of loss or damage to grain contained in the within described premises and as an incident to such loss or damage the insurance covering said grain is liable, or accepts liability, for

the cost of removing said grain or any portion thereof, then and in that event the insurance under this form shall cover only such removal cost of all grain described herein as is in excess of the removal cost loss borne by said insurance covering grain, and the coinsurance clause herein contained shall apply only to such excess removal cost."

EXPENSE OF DEBRIS REMOVAL

A kind of insurance sometimes purchased is expressed in the following form. Such expense, after insurance on the property itself is exhausted, might prove quite extensive. As an example, debris of baled straw in yard of a strawboard mill, where fire and water had destroyed all value, but leaving quantities of charred and water-soaked straw.

$.....On the expense of removal of debris resulting from damage or destruction, by peril(s) assumed hereunder, of..... (baled straw)..... while contained.....

It is understood that this policy does not attach except for such expense as may be in excess of the amount thereof recoverable under the property damage policies covering the same property.

Water Damage Insurance. This is one of the modern kinds of indemnity and insures against loss or damage caused by leakage of water to ceilings, walls, floors, and decorations of buildings, stocks of goods in stores and warehouses, delicate machinery, furnishings, etc.

A special form of policy is issued which in terms covers loss or damage caused by accidental discharge, leakage or overflow of water or steam from such one or all of the following sources as may be specified:

Plumbing system (not including automatic sprinkler system).

Plumbing tanks (for the storage of water for the supply of the plumbing system).

Steam or hot water heating pipes and radiators.

Elevator tanks and cylinders.

Standpipes for fire hose.

Industrial and Domestic Appliances.

Refrigerating Systems.

Rain or snow admitted directly to the interior of the building by defective roofs, leaders and spouting or by broken or open doors, windows and skylights.

The cost of repairing or replacing broken piping or apparatus causing the loss is not covered, neither is discharge from automatic sprinkler system, but the latter may be insured separately under a Sprinkler Leakage Policy. Policies are customarily issued with not less than a 10 per cent Coinsurance Clause, there being marked credits in rate as insurance to value increases. There are various exclusions, such as seepage, and/or other perils not contemplated in the cover. Rates depend on estimated damageability of the property covered, which is developed by application and inspection.

This form of indemnity is sold to owners of buildings and likewise to tenants, who are exposed to water damage by the carelessness of other tenants. Conversely, there is a form for tenants legal liability for loss or damage to property of others, which is in growing demand to cover the cases where the tenant rather than the landlord is held responsible, particularly under a lease where such damage is collectible from the tenant.

The field for the sale of this kind of indemnity is almost unlimited and is largely undeveloped.

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